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Foreign Commerce WEEKLY

Vol. x, No. 9 February 27, 1943

"RUBBER TAKES TO THE AIR"

Foreign Commerce Weekly

Foreign Commerce Weekly is the official medium of the Department of Commerce for the dissemination of commercial and industrial information gathered throughout the world by the Foreign Service of the United States, and obtained from other sources.

Issued by the UNITED STATES DEPARTMENT OF COMMERCE, JESSE H. JONES, *Secretary*

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PUBLISHED WITH THE APPROVAL OF THE DIRECTOR OF THE BUDGET (42 J. C. F.)

MATE—
South American Beverage

By ALICE J. MULLEN, *Division of Industrial Economy, Bureau of Foreign and Domestic Commerce*

MATE (pronounced "mah'-tay") is of special interest today because of current coffee-consumption restrictions and the uncertainty of tea supplies. About 12,000,000 people, principally in South America, are estimated to be regular users of mate.[1]

The brew is prepared by steeping finely ground mate leaves in water which is just below the boiling point. The traditional utensils for the beverage are the "cuia" and the "bombilla." The cuia is a small container, usually made from a dried gourd, though cow's horns and coconut shells also are used. It is often elaborately decorated and has a round opening 2 or 3 inches in circumference at the top.

In preparing the drink, the cuia is filled about half full of mate and hot water is added. The bombilla is a hollow tube of metal, nickel, or silver, having a bulb-like or spoon-shaped strainer at the lower end, through which the beverage is sipped. The cuia is often refilled with hot water several times, using the same leaves, and the fourth or fifth steeping is considered in some sections of South America to produce the best-flavored drink. This picturesque method is used principally in the rural districts of South America; the modern method of brewing in a teapot has become popular in the cities.

Mate may be served hot or iced, either plain or with sugar, lemon or cream. A larger quantity of leaves is used in brewing mate tea than is used to prepare real tea—a soup or dessert spoonful of mate leaves to a cup of water being the proportion.

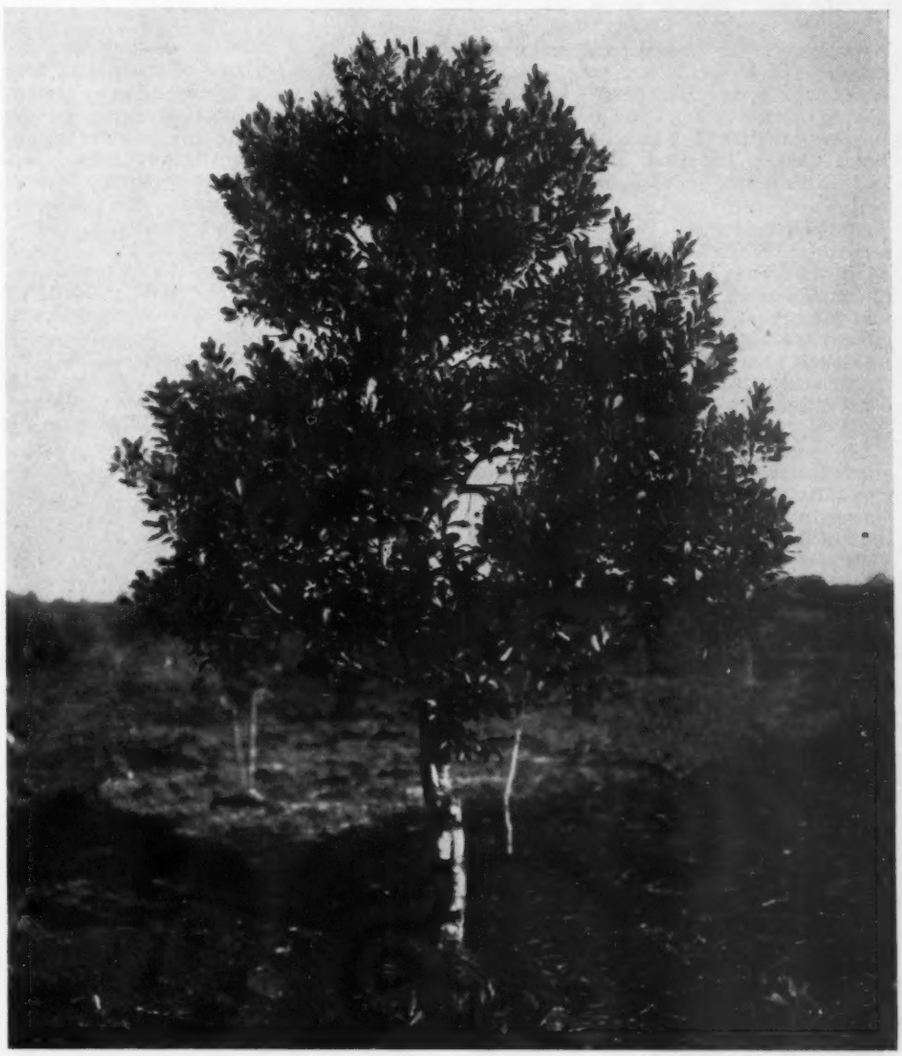
History

This "Paraguay tea" or "South American tea" (popular names for the beverage) apparently was used first by the Guarani Indians who inhabited Paraguay and southeastern Brazil before the arrival of the Spanish and Portuguese colonists in the first half of the sixteenth century.

When the Spaniards arrived and learned of the drink from the Indians they began calling the tree from which it was made "yerba," meaning herb. Dried gourds were used as cups, so the word "mate," or gourd, came into use and for centuries the words yerba and mate—the plant and the gourd—were applied both to the plant and the beverage. This usage accounts for the Spanish name "yerba mate."

Botanically, the plant is known as *Ilex paraguariensis* (St. Hil.), or South American holly. It is native to a vast area in the heart of South America, and now grows in four Brazilian States, Parana, Santa Catharina, Rio Grande do Sul, and Matto Grosso; in northeastern Argentina, and extensively in Paraguay.

The tree is a bushy evergreen, which attains a height of from 12 to 30 feet and may reach as much as 70 feet. In Paraguay, where wild oranges are abundant, the plant may be mistaken for the orange tree, as there is a marked re-



Courtesy Pan American Union

Yerba mate: A 5-year-old tree at the National Experiment Station at Loreto, in Misiones Territory, Argentina.

[1] For many of the facts in this article the author is indebted to a variety of studies of the mate industry that have been made at intervals during recent years. An especially valuable and comprehensive survey, by Louis C. Nolan and Julia L. Wooster, was published in "Foreign Agriculture" (U. S. Dept. of Agriculture) for August 1942.

The process of harvesting mate in a Brazilian "cultivated forest"—that is, a natural grove with the underbrush kept down, and often under pasture.

semblance. The leaf is dark green and glossy; the blossoms are small and of a yellowish color. The berries are a deep purple, almost black, and are attached to the branches by a short stalk. Each berry usually has four hard seeds imbedded in a soft pulpy substance.

It is uncertain how the plant originally developed and grew over such a wide territory. When the Jesuit missionaries were numerous in this heart area of South America, they planted mate seeds and are believed to have been the first to establish mate plantations. When they left that area in the first half of the eighteenth century, the raising of mate ceased and the natives depended upon the wild growth in the forests.

The mate tree grows in stands, frequently accompanied by the Parana pine tree. It thrives in the relatively humid depressions of the foothills and mountains at altitudes ranging from 1,500 to 2,500 feet above sea level.

Cutting and Curing Mate

Methods employed in the cutting and curing of mate vary to some extent in the different producing regions. In Brazil, harvesting is done between May and October, when the tree is in full leaf. Branches are cut from the same tree only every third year. Natives go out to the plantation or mate jungle in squads of three, four, six, or more; they carry a machete or sickle, provisions, and water. Wild mate is sometimes found in clumps; much depends, however, upon the knowledge of the yerbateros as to where to find the most abundant supply of trees. If the trees are found on government-owned property, a license to harvest is obtained, and usually a camp is built nearby.

After cleaning the trees of creepers and vines, the yerbatero severs the smaller branches from the tree with an upward and outward blow of his machete. This method of cutting protects the wound from the weather and direct sunlight. The cut branches are then brought into camp for processing into crude ("cancheado" in Portuguese, "canchado" in Spanish) or refined ("beneficiado" and "elaborado," respectively) mate. Under modern methods, in which mate is produced for export, care is taken in harvesting, to eliminate all dead or spotty leaves and dried branches. After dust and grit have been removed, the remaining branches are toasted over a fire in the open known as the "sapeco." Toasting causes the leaves to crack open and removes about 25 percent of the moisture. It also solidifies and vaporizes the gums and resins which would turn the leaves black if they were allowed to wilt naturally. Properly toasted leaves remain green even after they are completely dried. During the process of toasting, the fresh leaves lose about one-third of their weight.

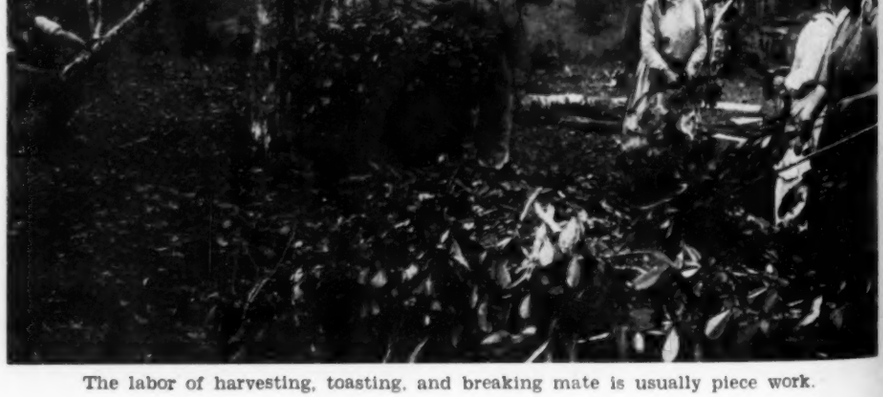
In the "Barbacua"

The second step is the drying of the branches in the "barbacuá," which is a low dome made by placing poles in the ground and bending them, or by arching poles over a low enclosure of any material, the whole being roofed. Loose branches of the broken mate are placed upon the top and sides of this dome-shaped structure so as to cover it completely and retain the hot air, which is conducted to the center of the barbacuá through a subterranean canal from the fire built below and some distance away.

During the drying process a workman perched on top of the dome stirs the branches with a long pole so that they may dry evenly and thoroughly. From 5 to 15 hours are required to complete this process. The term barbacuá also is applied to the most modern establishments for drying, in which the lower part of the enclosure is built of brick or tile and the upper part of boards.

When the branches are dried they are bundled and taken by muleback to the nearest railroad or to boats for transportation to grinding mills.

When the green raw mate reaches the mills it is thoroughly cleaned and the leaves are removed from the branches and fed into the grinders. Since fineness of grinding is necessary to release the essence of mate in brewing, the refined product is sieved repeatedly and sent through blowers to obtain the finest possible grind without too much powder content. Mate usually is aged before sale to improve its flavor.



The labor of harvesting, toasting, and breaking mate is usually piece work.

Statistics of Mate Business

Brazil, Argentina, and Paraguay are the only countries that produce mate in commercial quantities, and consumption is principally in these countries and in Uruguay and Chile.

In 1937, production of mate in Brazil, Argentina, and Paraguay amounted to 478,776,000 pounds. After that year the total output declined as Argentine production control went into effect. By 1941, the production in the three mate-producing countries amounted to 376,978,000 pounds, a slight increase over the preceding year, when 376,866,000 pounds were produced.

The following table shows the production of mate in Brazil, Argentina, and Paraguay for the years 1936 to 1941, inclusive:

Year	Brazil	Argentina	Paraguay	Total
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
1936	196,820	177,362	42,877	417,059
1937	211,573	234,415	32,788	478,776
1938	207,709	159,197	30,251	397,157
1939	205,860	142,271	43,141	391,282
1940	184,779	151,433	40,654	376,866
1941	186,231	158,998	31,749	376,978

Brazil's Mate Industry

Mate production in Brazil is confined to the four southern States of Matto Grosso, Rio Grande do Sul, Santa Catharina, and Parana, and to a small area in southwestern São Paulo, along the Paranapanema River. There are no large cultivated areas.

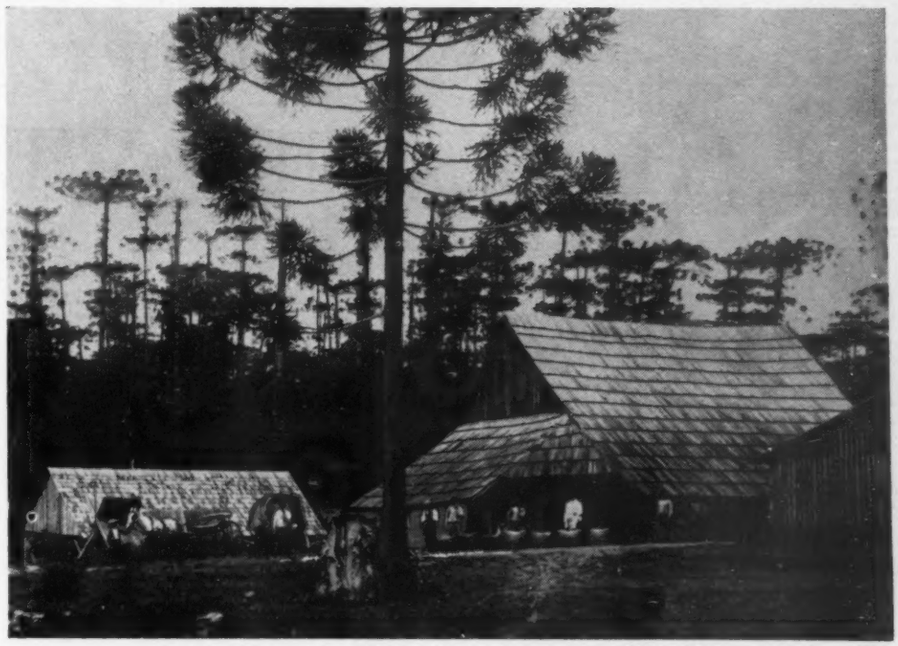
Brazil's mate industry is based primarily on the export trade. The principal foreign markets are Argentina, Uruguay, and Chile. Argentina takes about 50 percent of Brazil's total exports and 90 percent of the green raw mate exports. Exports of the remaining half of Brazil's processed mate go to Uruguay and Chile, the former taking about 70 percent and the latter about 25 percent.

Exports of mate from Brazil in the years 1936 to 1941 were as follows, according to Serviço de Estatistica Económica e Financeira do Tesouro Nacional, Ministry of Finance, Brazil:

Year	Crude mate	Processed mate
	1,000 pounds	*1,000 pounds*
1936	79,244	67,584
1937	80,247	86,242
1938	69,985	69,434
1939	70,159	62,439
1940	62,026	49,350
1941	55,490	54,216

Official figures show that Brazilian consumption of mate in 1941 was 76,536,000 pounds, compared with 73,402,000 pounds in 1940. Per-capita consumption in 1941 was 1.85 pounds, compared with 1.76 pounds in 1940.

Matto Grosso has no mills for processing mate and consequently produces only crude mate. There is one mill in Sao Paulo, but its production is small. Parana, the greatest producing area, has 19 mills, and Santa Catharina has 6.



Outside view of "barbacuá," structure for the drying of mate.

The mate industry in Brazil is governed by the Instituto Nacional do Mate created by decree law of April 1938. The aim of the Instituto is to protect, coordinate, and superintend the production, industry, and trade in mate, and to encourage its consumption.

The Instituto Nacional do Mate also is interested in the commercial possibilities of the extraction of caffeine from mate. The raw material is cheap and abundant and it is believed that the caffeine is easily extracted. Should the industry develop on a large scale it may eventually solve the problem of overproduction of mate for Brazil. The Instituto claims that the caffeine of mate ranges from 0.29 to 1.89 percent and averages about 1 percent.

In Argentina's Misiones

Mate production in Argentina is confined principally to the Territory of Misiones, though some is produced in the provinces of Corrientes and Tucuman.

Production of Argentine mate in 1941 totaled 158,998,000 pounds, according to figures recently published in the memoria of the Comisión Reguladora de la Producción y Comercio de la Yerba Mate (Regulating Commission for the Production and Marketing of Yerba Mate). This amount represents an increase of 16,727,000 pounds, or 11.8 percent, compared with the production for 1939, and 7,565,000 pounds, or 5.0 percent, more than the total production for 1940.

The Commission granted increased quotas to 521 producers for 1941 who augmented their production 2,594,000 pounds, a rise of approximately 24.0 percent over the quotas originally assigned to these same producers.

Foreign mate imported into Argentina during the years 1936 to 1941 was as follows:

Year	From Brazil	From Paraguay	Total
	1,000 pounds	*1,000 pounds*	*1,000 pounds*
1936	77,247	7,974	85,221
1937	79,019	10,461	89,480
1938	73,925	9,965	83,890
1939	67,767	14,486	82,253
1940	60,721	20,232	80,953
1941	51,982	17,923	69,905

Argentina's internal consumption of mate in 1941 amounted to 235,731,000 pounds, an increase over the 233,722,000 pounds consumed in 1940. Consumption for these 2 years was noticeably below that of 242,077,000 pounds in 1939.

Exports of mate continued to be of minor importance, though the amount exported in 1941 (311,446 pounds) demonstrates a favorable movement and a continuation of the gains for recent years. Some 287,537 pounds were exported in 1940, and 302,207 in 1939.

The following table shows exports of mate from Argentina in the years 1936 to 1941:

Year	Quantity	Year	Quantity
	Pounds		*Pounds*
1936	312,268	1939	302,207
1937	287,383	1940	287,537
1938	402,631	1941	311,446

The Regulating Commission for the Production and Marketing of Yerba Mate was formed by law No. 12,236 on September 27, 1935, and was designed to control the marketing and to improve the returns to growers of mate. More specifically, the Commission's basic functions are : (1) the limitation and control of domestic marketings, (2) the payment to growers from the proceeds of an internal-revenue tax of a "compensation" designed to bring the aggregate price, or

(Continued on p. 38)

Peace and War in the NETHERLANDS WEST INDIES

By HARRY N. STARK, *Division of International Economy, Bureau of Foreign and Domestic Commerce*

THE SIX ISLANDS that form the Netherlands West Indies Colony—Curacao, Aruba, Bonaire, St. Eustatius, St. Martin, and Saba—cover an area equal only to one-fifth that of Delaware. Their combined population falls short of that of Tampa, Florida. Yet few parts of the world, regardless of size or population, offer so much to reward the seeker after "firsts" and "onlys."

The list is long. These islands, together with Surinam, constitute the only part of the Netherlands empire that remains free of enemy occupation. Aruba, attacked by a German submarine, received the first Axis shell fire to fall upon the Western Hemisphere. Curacao, a world crossroads, contains a polyglot population speaking a language considered by philologists one of the strangest in the world. Under the Midas touch of oil, Aruba trebled its population in two decades, and mushroomed from a parched, wind-stripped waste land, yielding its inhabitants a scanty existence from aloes, divi-divi and salt, to a churning oil district reminiscent of the storied boom of Tampico. Curacao and Aruba together possess the hemisphere's largest oil-refining industry south of the Rio Grande.

St. Eustatius in 1776 won lasting fame as the first foreign territory in the world to recognize and salute the flag of the new United States Republic.

St. Martin is the only West Indian island dependency governed by two powers, France and the Netherlands.

Saba is unique in so many ways that an entire later section of this article is devoted to it.

Even quaint, leisurely Bonaire has won for itself a title "The Island of Goats" due to the thousands of goatskins it ships each year to Curacao.

The Netherlands West Indies and Surinam are all that now remain free of the Netherlands Empire.

Two Island Groups

The Netherlands West Indies consists of two widely separated groups of three islands each. By reason of the nearness of the northern group to the British Leeward Islands, it sometimes is incorrectly called the "Leeward" group. To avoid confusion, this group—St. Eustatius, St. Martin, and Saba—will in this report be referred to as the *northern* group; the second group—Curacao, Aruba, and Bonaire—will be designated as the *southern* group.

The Groups Contrasted

The northern group is to the Netherlands a financial liability; the southern group (excepting Bonaire) is a lusty asset. Commercially, the southern group (again excepting Bonaire) is important; the northern group is insignificant. Both deviate from the standard West Indies pattern, the southern group in that it is industrial rather than agricultural; the northern group because, possessing no outstanding staple export crop, it relies largely upon itself for its food.

Both groups are strategic factors in Caribbean defense. Apart from its vital oil refineries, the southern group, located off the coast of western Venezuela, lies athwart one approach to the Panama Canal. The northern islands flank another approach, the Anegada Passage.

Armed Protection

Following the Nazi invasion of the Low Countries in 1940, British and French military forces landed in Curacao and Aruba to prevent sabotage of the oil refineries. When France fell, the French troops withdrew, the British remaining until relieved by the United States forces in February 1942.

By agreement with the Netherlands Government, all military and naval forces, both of United States and local nationality, now function under command of the United States Navy. Dutch and United States vessels share in the patrol of adjacent waters.

Geography, Topography

The six islands cover an area of 403 square miles distributed thus:

	Square miles
Curacao	210
Bonaire	95
Aruba	69
St. Martin (Dutch part)	17
St. Eustatius	7
Saba	5

While, politically, Curacao, Aruba, and Bonaire are classified as part of the West Indies, they are geographically and topographically more properly related to the South American continent, constituting detached fragments of the Andean chain. Although of volcanic origin, the islands have witnessed no activity in recent geological times. The northern group, lying east of Puerto Rico between the British islands of St. Kitts and Anguila, is of comparatively recent volcanic origin.

Climate of Southern Group

The southern group, although it lies off the main hurricane path, receives a constant northeast trade wind which tempers the otherwise extreme heat and which also serves to carry away fumes from the oil refineries.

This strong, steady breeze exposes the northern coast of Curacao, Aruba, and Bonaire to a heavy surf, but on the leeward side are sheltered harbors: Oranjestad and St. Nicholas on Aruba, and Willemstad on Curacao.

The annual temperature averages 81°, varying from a day temperature of 90° to 70° at night.

Water is scarce. Rainfall averages between 16 and 22 inches per year. That badge of aridity, the cactus, abounds. No springs flow on Curacao. For drinking, windmills (not the picture-book Dutch kind but the prosaic type common in the United States) eternally lift water from underground wells. But the well water is often so brackish from salt-water seepage that Curacao and Aruba have erected government plants for brine distillation.

Climate of Northern Group

The islands of the northern group lie in the direct track of the hurricanes. Cooled by west and northeast trade winds, they receive some 32 inches of rainfall annually, about twice that of the southern islands. Yet, because of lack of streams and natural reservoirs, most of the drinking water in the northern group is obtained by collecting rain water in cisterns.

Population

The total population of the colony has increased rapidly since the first refinery was established. Estimated in 1870 at 35,000, it stood in 1939 at 105,617, a density of 262 per square mile. The ensuing figures show distribution: Curacao, 65,231; Aruba, 30,461; Bonaire, 5,563; St. Martin, 2,039; Saba, 1,194; St. Eustatius, 1,129.

The 1943 population of Curacao and Aruba is without doubt substantially in excess of the above figures.

Curacao in 1939 had twice, and Aruba three times, its 1915 population. Approximately three-fourths of the population of the entire colony inhabits the island of Curacao. Curacao and Aruba together account for more than 90 percent of the population.

The populations of the other four islands have declined, dropping from 6,600 in 1870 to 4,362 in 1939.

Composition of Population

About 5 percent of the population claim European descent; these form the government and corporation officials, leading merchants and planters, technicians and artisans. The Hebrew colony is large, its roots reaching back almost to the beginning of settlement by the Dutch when many Jewish people, mainly of Portuguese and Spanish extraction, migrated to Curacao. East Indians manage the bazars, famous for their variety of almost tax-free goods.

The smaller merchants, overseers, skilled workers, elementary school-teachers, and clerks are largely mulattoes. The unskilled laborers, comprising 85 percent of the population, are mostly Negroes, descendants of slaves imported in the sixteenth and seventeenth centuries as plantation hands to replace the aboriginal inhabitants.

The oil refineries, however, have attracted not only a heavy immigration of Negroes from other parts of the Caribbean area, but also an influx of Syrians, Hindus, Chinese, and Portuguese. By actual count, Aruba had a medley of 45 and Curacao an even greater number of nationalities.

Only in Aruba does one find traces of the aboriginal Arawack inhabitants. Skins are brown, and facial characteristics contrast strongly with the Negro element. But as more workers come to the refineries, this racial strain becomes more obscure. In the northern islands, whites reach a larger percentage of population than in the southern group.

Standard of Living

In Curacao and Aruba the standard of living of the white population (about 10 percent of the population) is comparatively high. The Negroes and others of mixed races have a lower standard but, because of the relatively high wages paid by the refineries, their standard in Curacao and Aruba stands definitely above that found in comparable areas in the Caribbean area. There is no unemployment and, in spite of a steep rise in food prices, little evidence of hardship.

In consequence of the virtual abandonment of agriculture in Curacao and Aruba, there is an increased and now almost absolute dependence upon imports for food requirements.

Prior to the extensive operations of enemy submarines in the Caribbean, nearly all food came from the United States. But an effort is being made to obtain food in increased volume from Venezuela, the Dominican Republic and nearby islands by means of schooners.

In Bonaire and in the northern islands, the average standard of living parallels more closely that found in the majority of other West Indies islands.

Language

While Dutch is the official language, Spanish is used in Curacao more commonly, with English aind Portuguese also widely spoken. Jewish merchants, descendants of religious refugees of former centuries, speak Spanish or Portuguese. In addition, a native language has evolved called "Papamiento." This language, unique among world's languages and a delight to philologists, bears some resemblance to both Portuguese and Spanish, but contains also a

Courtesy Grace Line

Aerial view of Willemstad, on the island of Curacao.

Courtesy Grace Line

On the Heerenstraat, one of Willemstad's principal shopping streets. Note the signs indicative of many nationalities.

sprinkling of words from the Dutch, English, French, African, and Carib languages. On the northern islands, the English language prevails.

Communications with Outside

In normal times a daily steamship and air service runs between Curacao and Aruba while the other islands are served about once a week by small Dutch vessels. The Royal Netherlands Steamship Co., with the help of a substantial government subsidy, maintained a fortnightly service between the northern and southern islands and the British island of St. Kitts.

The Royal Dutch Air Lines provided frequent air service between Curacao, Aruba, Bonaire, Venezuela, Colombia, and Barbados, and also between Curacao and Surinam, via Trinidad.

Internal Transportation

Except for light-weight narrow-gage tracks used only for intra-plant purposes by the refineries, no railways now operate in the Netherlands West Indies. A narrow-gage line in Aruba, formerly connecting a phosphate mine with St. Nicholas, is now in disuse.

As of September 1941 the colony had 533 kilometers of highway, distributed: Curacao, 305 kilometers; Aruba, 159; Bonaire, 48; St. Martin, 21.

Of the total, 260 kilometers were of unimproved earth and non-surfaced; 143 kilometers of improved earth, sand, clay, or gravel; 105 kilometers of macadam, surface-treated and penetration; 18 kilometers of bituminous, concrete, and asphalt; and 7 kilometers of cement concrete.

All asphalt used in road construction and maintenance in the Netherlands West Indies is manufactured in Curacao and Aruba. The cement used before the war came principally from the Netherlands and Germany. The United States now supplies this item as well as all road-building equipment.

Government

The Netherlands West Indies are under the control of a governor, appointed by the Netherlands home government, with residence in Willemstad, Curacao. On July 15, 1942, a new governor, Dr. P. A. Kasteel, took office, relieving G. F. Wouters, who had held office since 1936.

The three northern islands are administered by a Senior Administrator with headquarters in St. Martin. Junior Administrators represent him in Saba and St. Eustatius.

Currency, Weights, Measures

Currency, weights, and measures are those in use in the Netherlands. The monetary unit is the Netherlands' guilder or florin divided into 100 centimes. Its present exchange value (February 1943) is $0.525. Until the issuance of a recent decree (December 1942) forbidding the holding of United States currency by Curacao residents, United States currency circulated freely and prices were frequently quoted in United States dollars. As in its language, Curacao has always been quite international in its currency, the banks converting notes or cash of all countries at small discount. The Curacaosche Bank negotiates directly with New York banks, and the Willemstad rate of exchange often differs from that of Amsterdam. At present, all dollar exchange must be presented to the Foreign Exchange Commission at Curacao for apportioning to the islands. War conditions have given rise to considerable agitation for a complete separation of the Curacao guilder from the Holland guilder.

In October 1942, the colony made arrangements with the home government for an increase in much-needed United States dollar balances available to the Netherlands West Indies against a corresponding decrease in the less-needed sterling.

Building Construction

Up to the middle of 1942 an unusual amount of residential building took place in Curacao, stimulated by a housing shortage with resultant high rentals and a belief that it was safer to own houses and land than to have guilders in the bank. Only shortage of materials has impeded a further construction.

Tariffs

The Netherlands West Indies have their own tariff schedules. While these are not the same as that of the mother country, nor are they part of it, the commercial policies reflect in some degree those of the home country. The tariff policy of the Netherlands West Indies has been one of general encouragement to imports, particularly foodstuffs, since food-productive capacity of the islands is limited.

By an ordinance of August 22, 1939, imports into Saba, St. Eustatius, and the Netherlands portion of St. Martin were exempted from import duties and excise taxes for the period September 1, 1939, to December 31, 1942.

Imports into all the islands, however, must be covered by an exchange permit, and an exchange allocation must be obtained before placing the import order abroad. Allotment is made freely for imports if bona fide.

Import duties on shipments to Curacao, Aruba, and Bonaire are low and for revenue purposes only. No preference rates exist, even on imports from the Netherlands. Luxury items pay a duty as high as 50 percent ad valorem, but most other goods are subject only to an import duty of 3 percent ad valorem. Fresh fruits are duty-free, while most vegetables pay the general rate of 3 percent ad valorem—that is, 3 percent of the approximate invoice value of the shipment at the point of origin.

Government Finance

Government revenues are derived from import and export duties, excise taxes, and income and land taxes. Formerly expenditure exceeded revenue, the deficit being offset by a subsidy from the home Government. In recent years, however, the colony as a whole has become self-supporting.

The northern group of islands remains dependent upon funds from Curacao for the maintenance of administrative and civil services. These islands are almost entirely tax-free, the only duty—that on wines and liquors—having been removed in 1939.

Tourists

Prior to the war, tourists are estimated to have expended about $450,000 annually at Curacao. Since the outbreak of the war tourism has ceased almost

Oil tanks and oil-loading wharves at Willemstad, Curacao.

entirely, severely dislocating the businesses that cater to the tourist trade.

Foreign Trade

The foreign trade of the Netherlands West Indies is dominated by its huge imports and exports of oil. Other items, while diversified, are in value insignificant.

Apart from crude oil the chief imports are: foodstuffs, clothing, chemicals, drugs, toilet preparations and perfumes, precious-metal products, silk and cotton yard goods, automotive equipment, beverages, lumber, shoes, tobacco, paints, paper, and furniture.

And, other than oil, the principal exports are: phosphate rock, hides and skins, aloes, straw hats, and divi-divi.

As is typical in an area which imports raw materials on a large scale for processing and reexport, the per capita foreign trade figure is high, per capita exports in 1939 reaching $1,817 and imports $1,620.

The following table reflects foreign trade from 1929 to 1939 (no trade figures including petroleum have been released after 1939):

Year	Exports (thousands of dollars)	Imports (thousands of dollars)	Balance (thousands of dollars)
1929	123,965	145,120	−21,155
1930	167,560	163,782	+3,788
1931	137,933	99,811	+38,122
1932	73,473	56,585	+16,888
1933	100,627	77,719	+22,908
1934	108,718	104,319	+4,399
1935	113,266	117,944	−4,678
1936	129,935	127,034	+2,901
1937	148,577	163,626	−15,049
1938	187,331	215,161	−27,830
1939	183,526	164,021	+19,505

NOTE: + means export balance, − means import balance.

In 1940, excluding petroleum, exports amounted to $727,582 against imports of $15,707,372. In 1941, again excluding petroleum, exports totaled $1,420,046 against imports of $15,168,156.

These figures, because they exclude petroleum, permit an appraisal of the extent to which the Netherlands West Indies depend upon the outside world for consumption goods, although the imports undoubtedly include a large volume of capital goods for new construction and maintenance of refineries.

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Composition of Commerce

Prior to 1932 the United States took more of the colony's petroleum than any other country, the United Kingdom ranking second. The action of the United States in 1932, however, of placing import excise taxes on petroleum products caused the colony's oil exports to the United States to fall, with a corresponding increase in exports to Europe. In 1937 the United Kingdom headed the colony's export list with a participation of 33 percent against a United States participation of only 13 percent.

Exports of nonpetroleum items have gone almost exclusively to the United States and nearby islands. With imports from the mother country cut off, most of the colony's foodstuffs and manufactured articles now originate in the United States, a smaller volume coming from the United Kingdom.

Growth of Exports

The rapid growth of the petroleum refining industry of the Netherlands West Indies dates from 1921, when exports totaled 1,213,000 barrels. Following the erection in Curacao of a cracking plant, exports in 1925 exceeded 14 million barrels, and the addition of the Aruba refineries brought the oil exports of the Netherlands West Indies in 1930 to 102,318,000 barrels.

A new United States tariff and the world depression caused a decline in oil shipments to 89,822,000 barrels in 1932, but in the following years this decline was more than made up (see following table) until in 1938 exports totaled 164,783,000 barrels.

	Mineral-oil exports, thousands of barrels
1918	40
1920	635
1925	12,325
1930	102,318
1935	113,962
1936	129,953
1937	147,872
1938	164,783

Effect of War on Oil Exports

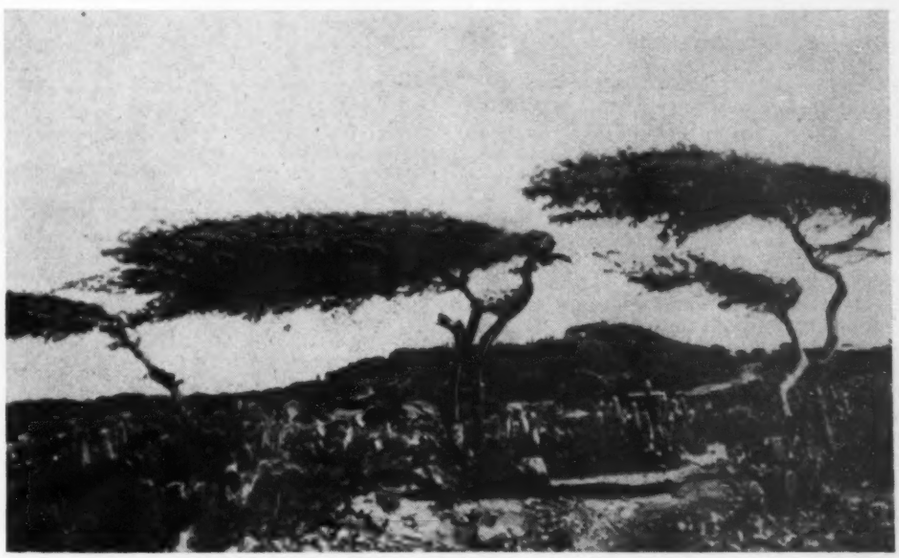
The blockade that followed the outbreak of World War II brought about a loss to the colony of about 30 percent of its normal market. Subsequently, the demand in the United States and the United Kingdom increased, and production, except for a short interruption in 1942, rose once more to former levels.

Wartime censorship prevents publication of statistics on oil production or exports later than 1938, but both refining capacity and production have risen during the war years.

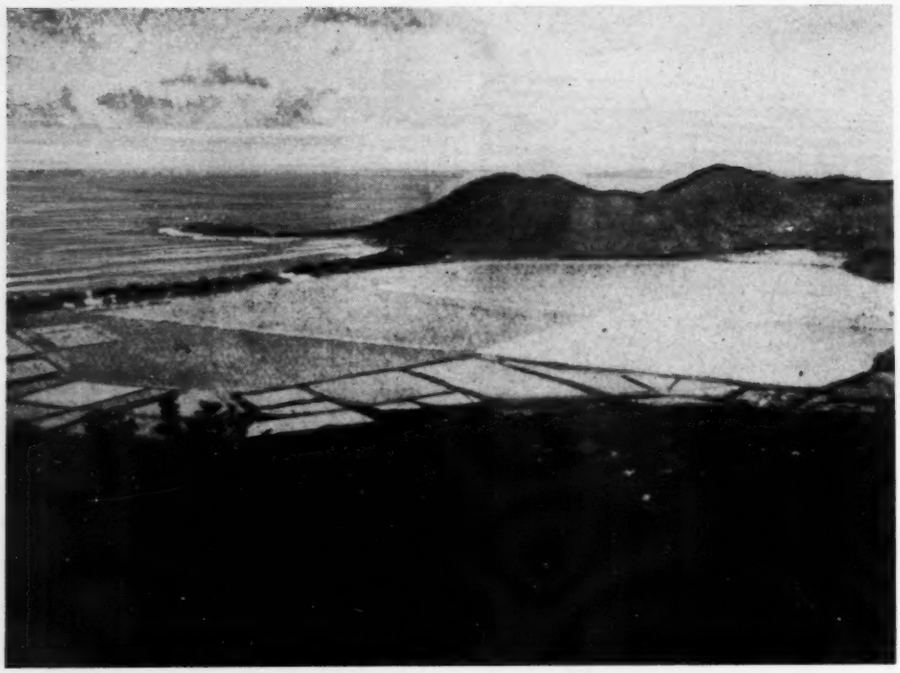
Dominance of Petroleum

Petroleum dominates the economies of the two principal islands of the Netherlands West Indies. Born during the first World War, the refining industry spurted during the decade of the 1920's and, after only a temporary setback, continued its forward movement against the economic depression of the 1930's until now, in the midst of World War II, it holds second place in the Western Hemisphere and third place in the entire world.

The geographic position of Curacao and Aruba, the spectacular growth of the Venezuelan petroleum industry, and the



Wind-blown divi-divi trees on the island of Aruba.



Salt ponds on the island of St. Martin.

lack of deepwater harbors adjacent to the Maracaibo oil field, all contributed to this rapid evolution.

Sources of Crude Oil

Curacao and Aruba subsoils produce no oil, most of the crude coming to their refineries from Lake Maracaibo, Venezuela.

This Maracaibo Lake Basin covers a water and land area of about 40,000 square miles, beneath which lies one of the world's largest known deposits of crude petroleum. But across the outlet of Lake Maracaibo to the ocean stretches a sand bar that allows the passage only of shallow-draft vessels. These carry crude oil from Lake Maracaibo to Curacao and Aruba where it is first refined and then loaded into ocean-going tankers.

Aruba has taken, in recent years, however, increasing quantities of crude from Colombia. The United States sends kerosene and gasoline for blending purposes. Intermittent imports of crude from Trinidad and Mexico have served chiefly to meet temporary shortages of supply.

Erection of Refineries

A Netherlands company in 1915 began construction of the first Curacao refinery. Most of the machinery and equipment was purchased in the United States, and American skilled labor was employed. Disorganization of international trade and shipping during World War I delayed construction, and the refinery did not begin operations until May 23, 1918.

A second refinery located in Aruba and financed by United States capital followed in 1926. A third refinery, also in Aruba, arose in 1927 constructed by Dutch capital.

Aruba has now passed Curacao both in refining capacity and production, and the U. S.-financed company refines and exports more than the two Dutch companies combined. From 1926 to 1936 the value of refining machinery and equipment imported into Curacao and Aruba totaled $54,194,357.

Capacity of Refineries

As of December 1941, the refining capacity of the two refineries in Aruba stood at 300,000 barrels per day crude and 206,300 barrels per day cracking, as compared with the refining capacity of the refinery in Curacao of 185,000 barrels per day crude and 114,000 barrels per day cracking.

Among the petroleum-refining areas of the world, the combined refining capacity of the Netherlands West Indies is exceeded only by the United States and the U. S. S. R.

Bunkering

Paralleling the development of petroleum refining Curacao and Aruba have become two of the world's leading bunkering stations for oil-burning vessels. From 186,000 barrels in 1920, oil bunker loadings have increased, scarcely interrupted by the world-wide depression, to 9,150,000 barrels in 1937, superseding, as indicated in the following table, a former flourishing bunker trade in coal:

	Oil, thousands of barrels	*Coal, metric tons*
1920	186	43,672
1925	2,260	78,842
1930	6,576	26,502
1935	6,247	345
1936	6,299	263
1937	9,150	no data

Transshipments

Apart from the importance petroleum has conferred upon it, Curacao serves, as a distributing point for its export and import goods, a large sector of the adjacent mainland coastal region. In the colonial period, it was a center of the Caribbean slave trade.

Located on the direct route from Europe to the Panama Canal and the west coast of South America, many steamship lines in peacetime make it a regular port of call. The port charges have been kept low and transshipment goods pay no duties. Willemstad, its port, has become recognized as an important clearing house for commercial information. Nine-tenths of the colony's business is transacted there. It enjoys a vigorous ship-chandlery trade. In

On St. Eustatius. From such a parapet in 1776 boomed the first foreign salute to a vessel of the new United States republic.

Curacao there has developed a strong race of Negro seafaring men, building and sailing large schooners or small craft with equal skill.

Willemstad Harbor

Willemstad harbor, one of the finest in the Caribbean, is shaped like a wine decanter, with a narrow-necked entrance and a large circular basin for anchorage and wharves. The town flanks both sides of the narrow entrance and lines the inner basin. A pontoon bridge over the channel swings to permit passage of ships.

The following figures show the distances between Willemstad and other important world ports: New York, 1,769 miles; New Orleans, 1,679 miles; Panama Canal, 699 miles; San Francisco, 3,991 miles; Southampton, 4,049 miles; Naples, 4,740 miles; Cape Town, 5,788 miles; Valparaiso, 3,361 miles.

In 1939 nearly 6,000 ships, with a gross register of 27,000,000 tons, entered Willemstad.

Port Handling Facilities

At Willemstad steamers load from or discharge to quays or lighters, using own equipment. Aruba has large wharves at San Nicholas Bay, Oranjestad, Paardenbaai, and Punta Druif. In Bonaire there is a small wharf at Kralendijk. But at Oranjestad (St. Eustatius), Philipsburg (St. Martin), and Fort Bay Landing (Saba) rowing boats transfer passengers and cargo between ocean-going vessels and the shore.

Phosphate Rock

Phosphate rock from ancient guano deposits is now mined only in Curacao. Operations in Aruba ceased long ago.

A British enterprise operates the deposits, exporting the rock in normal times to the United Kingdom, Finland, Denmark, Germany, and the Netherlands, where it is made into superphosphates and used as fertilizer.

The mines ceased production in June 1940, although substantial shipments from a stockpile continued to the United Kingdom. The stockpile being exhausted by the end of 1941, the mines resumed production.

The following exports of phosphate rock left the Netherlands West Indies from 1938 to 1941:

	Thousands of kilograms	*Thousands of dollars*
1938	99,283	489
1939	64,072	268
1940	6,047	28
1941	111,995	478

Salt from Sea Water

Salt is produced in Curacao, Bonaire, and St. Martin. Walled ponds, with an average depth of three feet, fill with sea water through artificial canals direct from the sea and, when full, are closed by a dam. After from 4 to 6 months of evaporation, the period depending upon rainfall, the salt is ready for "reaping."

The wide fluctuation of salt exports is evidenced by the following figures:

	Thousands of kilograms	*Value, in dollars*
1938	2,013	5,299
1939	247	1,011
1940	37	170
1941	3,226	20,172

Old Gold Mines

More than a century ago gold was discovered on Aruba. Alluvial ore that had been washed into the sand beds of streams was first exploited. Later, primary gold deposits, some embedded in quartz, some in thin veins, more rarely in small nuggets, were located.

Companies formed for extracting and smelting gold met little success. Roamers about Aruba frequently come upon old gold-mine and smelter ruins.

Records contain references to a manganese ore deposit in the interior of Curacao, but statistics fail to reveal that the ore was ever exported. Saba has sulphur mines which are now idle.

Agriculture on the Wane

Neither the soil, the climate, nor the topography of the Netherlands West Indies encourages agricultural development.

The islands export small quantities of aloes, divi-divi, orange peel, sweetpotatoes, and yams. Vegetables and fruits, including mangoes, guavas, papayas, watermelons, coconuts, oranges, and lemons, are produced solely for domestic consumption. The greater part of the colony's food requirements must be imported. Much of the vegetables and fruit consumed on the islands now comes by sailboat from Venezuela. Wild vegetation in the southern group consists largely of cactus and mangrove.

In Curacao most of the land is owned by a few. Long ago large plantation owners tried with slave labor to cultivate sugarcane and tobacco, but sparse rainfall brought about abandonment of these efforts. Now gardens in Curacao, in protected hillside pockets, thrive only because hardworking Chinese tenaciously irrigate them.

Aruba is even more barren. Some vegetation grows in the western portion of the island, but the rest is a sun-stricken, drought-cursed bad land. Would-be cultivators have given up the unequal struggle and have transferred their efforts to the comparatively easy labor of the refineries.

Aloes

Of the abandonment of agricultural pursuits by the southern islands, the diminishing exploitation of aloes serves as example. Aloes production thrived long before oil refining began. Aruba has been the largest grower, producing some 60 percent of the world's supply.

The variety of aloes grown came originally from the island of Socotra, brought by Dutch colonists. The low-growing plants thrive almost without attention. Sun, thin soil, and limited rainfall are ideal for their growth.

Men cut the thick, fleshy leaves and place them in inclined troughs to drain, boiling the thick lemon-yellow juice that exudes to a pitch black gum. The gum contains aloin, the medicinal ingredient of many cathartics.

Exports of aloes:

	Thousands of kilograms	*Thousands of dollars*
1931	367	95
1933	322	37
1935	369	93
1937	209	61
1939	356	181
1941	385	336

All aloes exports go to the United States. Production during the first quarter of 1942 fell to a low point, 200 cases, as opposed to a production during the second quarter of the preceding year of 2,300 cases.

The market price of aloes has risen steadily over the past 2 years; nevertheless the natives find it so much more profitable to work at the refineries that aloes cultivation rapidly approaches obscurity.

Divi-divi

On both Curacao and Aruba windblown divi-divi trees dot the landscape. The pods of these trees, which yield a tanning fluid, are still collected commercially, as indicated by the ensuing export figures:

	Thousands of kilograms	*Thousands of dollars*
1931	408	8
1933	392	8
1935	n.a.	21
1937	720	18
1939	105	4
1941	581	17

Divi-divi, like aloes, is succumbing to the competition of oil.

Orange Peel

Orange trees that grow in Curacao yield a peculiar green peel which, when

All roads lead "up and down" on the island of Saba.

Unloading vessels at a busy port in the Netherlands West Indies.

macerated, is used to flavor the famous "Curacao" liqueur. This cordial is still distilled in small quantities on the island from the essential oils and extracts of its native bitter orange, but the industry in the main has been taken over by Holland, Germany, and Great Britain.

The liqueur is easily prepared. The dried peel is pounded in water, allowed to stand, and then distilled with strong alcohol. Sugar is added and, to certain brands, a small quantity of highgrade rum to improve the flavor and aroma. Alcoholic content varies from 26 to 30 percent. Orange peel exports from the Netherlands West Indies have been as follows:

	Kilograms	*Dollars*
1931	2,247	1,525
1933	4,765	2,339
1935	6,926	3,569
1937	5,211	1,396
1939	4,949	4,047
1941	2,471	4,008

Agriculture in Northern Group

While in the northern group vegetation is luxuriant and soils appear to possess high inherent fertility, hilly topography limits agriculture. Small land holdings are the rule.

Both St. Martin and St. Eustatius produced sugar and rum in the last century and shipped Sea Island cotton up to as late as 1922, after which cotton disappeared from export statistics.

In 1935 a government agriculturist was appointed to the three islands and an experiment station established at St. Martin. Two years later similar stations commenced work in St. Eustatius and Saba. Government-subsidized agricultural and cattle-raising associations, previously set up, had made little headway.

A growing market exists in Curacao and Aruba for many commodities that St. Martin, Saba, and St. Eustatius can produce. Since 1933 the government had granted free freight on certain cattle shipped from the northern to the southern group. In 1939 this free freight privilege was extended to all agricultural produce shipped through the recognized agricultural societies that exist on each of the three northern islands.

Livestock

In recent years the raising of livestock has become increasingly important in the economy of the territory. Many large and small agricultural holdings have been converted to pasturage. Because of the aridity, goats and sheep do better than cattle and horses. Likewise, since they subsist on scantier vegetation, mules and asses are more common than horses as beasts of burden.

In 1938 the colony claimed 66,000 goats, 38,000 sheep, 4,600 cattle, 4,600 asses, 3,900 hogs, and 300 horses.

The raising of sheep and goats takes place principally on the islands of Bonaire, Curacao, and Aruba, although some shipments are recorded from St. Eustatius and St Martin. Exports of pastoral products consist chiefly of hides and skins, the only indigenous product, aside from phosphate rock and salt, which seems able to survive the competition of oil. Exports of hides and skins:

	Thousands of kilograms	*Thousands of dollars*
1938	109	22
1939	151	43
1940	108	23
1941	104	23

Straw-Hat Manufacturing

The sole nonagricultural and nonmineral industry of importance in Curacao is the making of native straw hats. Back in 1910, fully a fifth of the population was engaged in this home occupation. The leaves from the palmetto used in the weaving come from Maracaibo. Some hat weaving still goes on, but the income usually fails to equal wages offered at the refineries.

Exports of straw hats:

	Thousands of dozens	*Thousands of dollars*
1931	48	74
1933	49	79
1935	13	22
1937	25	51
1939	16	26
1941	31	56

Lace-making, ostrich farming, shipbuilding, fishing, ice manufacturing, and the making of soft drinks are also conducted, although on a small scale.

Bonaire

The magic wand of oil that has bathed its sister islands in material prosperity narrowly missed Bonaire (Buen Ayre) in 1931, when two separate United States oil companies surveyed its possibilities for the establishment of refineries.

But since the decision was negative, Bonaire continues to eke out a scanty existence from salt, aloes, divi-divi, and goats, although the rapid decline in its population shows that many of its inhabitants are migrating to Curacao and Aruba to participate in the windfall of refinery wages. To those who have remained on Bonaire, the war has come home hardly at all, except through the establishment on its soil of an internment camp for German nationals.

St. Eustatius

When, on November 16, 1776, Governor Johannes de Graef ordered the guns of St. Eustatius to boom a salute to a Baltimore brig o' war, by that act recognizing the Western Hemisphere's first republic, he could not know that centuries later the record of that salute would survive as the island's only claim to fame. In that period, while the newly emancipated Colonies were fighting off economic strangulation, the island of St. Eustatius, known as "Golden Rock," was one of the New World's most affluent spots, its free port attracting vessels of many flags to trade and take on ship's supplies. A noted Caribbean distribution center, it served during the first period of the American Revolution as a depot for war supplies sent to the struggling Colonies by the Netherlands. Back of its busy port lay a hinterland garden whose fertile fields produced sugarcane, coffee, tobacco, indigo, cotton, and cassava. Today only the remains of old warehouses, once filled with export and entrepot goods, now recall St. Eustatius' former prosperity.

The island's exports from 1913 to 1922 show cotton as the principal export, with sweetpotatoes, yams, livestock, and charcoal shipped in smaller quantities. A study of the 2-year period 1938–40 shows that cotton had disappeared from the list of exports, with only minute quantities of miscellaneous vegetables and poultry added in its place. The main outlet for St. Eustatius at present is in its shipments of sweetpotatoes and yams to Curacao and Aruba.

Experiment is being conducted with a land-settlement scheme. Windmills supply water for livestock, and, in an attempt to resuscitate its former cotton culture, trials with Sea Island cotton have been carried on with pedigreed seed from the British island of Montserrat.

St. Martin

In 1648 Dutch and French forces landed simultaneously on St. Martin.

Instead of fighting, they divided the island peacefully. The northern 17 square miles is now a dependency of Guadeloupe. The southern part (Sint Maarten), also with 17 square miles, forms part of the Netherlands West Indies.

The chief town of the Dutch area, Philipsburg, has a mean annual temperature of 80° F. and a mean annual rainfall of 40–43 inches. The population of the Dutch area, composed mostly of English-speaking Negroes and estimated at about 5,000 in 1924, had fallen in 1939 to 2,039. The Dutch area has 21 kilometers of roads.

Tobacco plants still found growing wild on the island recall that, in the days of slavery, St. Martin raised a grade of tobacco which, in competition with Cuban tobacco, commanded the highest prices in Europe. Tobacco culture has not been developed since 1700. Sugar plantations, which sprang up later and which achieved in 1829 a production of 1,400,000 pounds, could not survive the abolition of slavery. Attempts made in 1921 to resuscitate sugar and tobacco and to initiate production of sisal met with no success.

Today shipments of produce from St. Martin are made chiefly for members of the agricultural and cattle-raising association, the only persons eligible for free freight. Practically all produce for the open market clears now through the Agricultural Department, which also handles the reimbursement to individual shippers. The efficacy of this arrangement is manifest in a review of the net returns paid to shippers over the three-year period 1938–40:

1938	$2,721
1939	7,986
1940	16,071

The appearance for the first time on the 1940 export list of such items as tomatoes, onions, carrots, limes, poultry, and eggs suggests that experimental work started in 1935 begins to show results. Hay, the production of which has risen sharply, is made by sun-drying Para and Guinea grass. Put up in 59-kilogram bales, first exports in 1939 totaled 37,865 kilograms, shipments rising steeply in 1940 to 203,950 kilograms—a fivefold increase.

St. Martin's only significant non-agricultural and non-pastoral export product is salt. Its salt industry is an old one. A century ago the island exported salt to the United States. Although the United States War between the States dealt St. Martin's salt industry a severe blow, the island up to 1921 still made some shipments to the United States. Its present market is largely confined to nearby Caribbean areas where it is used for salting fish and meat. Shipments which in the period following World War I averaged between 40,000 and 50,000 tons per year, have sunk considerably. St. Martin in 1937 exported only 1,063 metric tons.

Idyllic Saba

Saba, with only 5 square miles, is a veritable tropic idyl. Its principal settlement, Bottom, so named doubtless because it nestles in the crater of an extinct volcano, nevertheless lies 900 feet above sea level. While all Sabans speak English and classes are conducted in that language, Dutch is also taught. Nearly all business is transacted with United States money, but the government pays its employees with guilders which the natives refer to as "Dutch money." Characteristically Dutch also, and in marked contrast with most West Indian settlements, is the trimness and cleanliness of Saba's streets and houses. The chromatic effect of the always freshly painted, many colored dwellings rarely fails to impress the visitor.

Ornamental iron lamp posts, brought to the island years ago, have never been wired for electricity. (The administrator's residence houses the only electric plant.) At sunset on moonless nights the island lamp tender places in the lamps a modern gasoline lantern. When the moon shines, the lamps remain unlit.

Saba has no banks, no hotels, no newspaper. The town policeman notes the daily exchange rates of the dollar, pound, franc, and guilder on a public bulletin board, the island's only local news medium. Sabans keep abreast of what transpires in the outside world by short-wave radio. In place of a hotel, the government has equipped a Guest House for the few visitors that stop off at Saba.

Saba's Communications

In peacetime a regular steamer, plying fortnightly between Curacao and the British island of St. Kitts, includes Saba on its itinerary, landing freight and passengers by surf boat from the steamer to Fort Bay Landing. The landing lies at the bottom of a natural lava gap, up which everything that Saba brings in from the outside must rise, either upon a human head or on the back of a beast. Saba has no wheeled vehicles, relying only upon donkey, horse, and man for transport. A concrete road is in construction connecting Fort Bay Landing with Bottom. The work proceeds by hand; no modern road machinery aids the builders. Saba's road budget for 1941 was 6,000 florins ($3,183).

Saba's Water Supply

Saba has no running streams. Rain averages 40 inches annually. Cool nights bring heavy dews, which carry the vegetation through periods of drought. Thirty years ago fresh water was carried up on heads from Spring Bay 2,000 feet below the village. Today all the better homes have large underground cement cisterns, fed during the wet season with rain water from the roof of the house.

Agriculture and Livestock

Since imported foodstuffs in Saba are high-priced, much of the food is grown locally. White women do no agricultural work, but Saban men assiduously work the tiny rock-walled farms that dot the hillsides. Here and there, however, abandoned plots proclaim the tendency of Saba's males to seek their fortune elsewhere.

Saba has few milk cows. Lack of forage restricts animal husbandry.

Likewise is the scale of agricultural operations limited by the paucity of arable land and the difficulty of transporting the produce down the steep paths to the sea.

A tiny experiment station has concerned itself chiefly with trials of numerous varieties of garden crops. Many varieties that fail completely in St. Martin and St. Eustatius do well under Saba's milder climate. Peach trees, strawberries and raspberries are being tested in protected spots almost 3,000 feet above sea level.

Although less adapted to the cultivation of sugar than many other West Indian islands, Saba yields a small crop of cane. In a crude press, juice is squeezed from the cane. Leaves and tops are fed to the livestock.

The value of the small quantities of stock and produce exported for members of the agricultural association amounted to only $451 in 1939 and $691 in 1940. A potato of fairly good flavor is produced, but yields are low.

Boat Building on Saba

Sabans are master smallboat builders. Surfboats, 15 to 20 feet, assembled far above the sea, are guided down steep trails to the water.

Here perhaps was born the legend that Sabans build schooners on mountain tops and lower them over cliffs by ropes down into the sea, a legend obviously ill-founded since Saba does not have lumber suitable for large craft. Nor would the Sabans carry imported lumber up a 1,000-foot incline to build schooners, only to carry them down again after completion.

Drawn Work by Saban Women

Saban women outnumber the men two to one. Most of the males early in life take to the sea or seek oil refinery work in Aruba or Curacao.

From childhood, Saban girls learn drawn work. At 16 they can work intricate patterns, devoting a large part of each day to working collar and cuff and dresser combinations.

Future Outlook

The Netherlands West Indies have given up all else for oil. Since, while the war goes on, the demand for oil will not cease to press the supply, the short-term outlook is bright. Refinery expansion continues. No exhaustion of crude oil sources seems imminent. If labor already on the ground is scarce, a large reserve of manpower still remains on nearby islands.

Dependence upon outside sources for food and manufactured articles increases, a dependence rendered hazardous by the submarine; but Curacao and Aruba receive growing quantities of food from Venezuela and from their sister

(Continued on p. 39)

From CARAVAN to Corner DRUG STORE

A cardiac sufferer in Bridgeport, a seeker after "smooth, romantic skin" in Dallas, a candy-muncher at Jones Cross Roads, an insomniac in Butte, a Park Avenue connoisseur of exotic, fine liqueurs—these and countless other Americans may unknowingly owe a debt to foreign trade that has its origin among the Berber cultivators or restless migrants of French Africa, harvesting commodities that carry with them "the whispers of the desert wind, the tinkling of the camel's bell"

By Evelyn M. Schwarztrauber, *Division of Industrial Economy, Bureau of Foreign and Domestic Commerce*

THE SHIFTING SPOTLIGHT of war, hovering over North Africa, has highlighted French possessions in that land of blazing sunshine and Moorish architecture, of olive groves and camel caravans, and has focused attention on the economic potentialities of the area.

An agricultural center primarily, French Africa is the source of many vital crude drugs, essential oils, and related materials. Among those products exported in substantial amounts to the United States are fenugreek seed and cumin seed (Morocco), geranium oil (Algeria), gum arabic (Senegal and Mauritania), and orange oil (French Guinea). Exportable surpluses of numerous other botanicals will doubtless loom significantly in world trade as the war progresses.

On the Barbary Coast

The Berber, chief racial element of the "Barbary Coast" (Tunisia, Algeria, and Morocco), is first of all an agriculturist and more especially a fruit grower. The Arab, on the other hand, is traditionally a nomad and a shepherd. As might be expected in the case of people living on the edge of the desert, the Berber is fond of his garden and orchard. As an activity that is perhaps incidental to the cultivation of olive and citrus orchards, the growing of cereals and tobacco, and goatherding, many Berbers and Arabs collect botanicals and herbs from which essential oils may be distilled or medicinals extracted.

If the Arab or West African Senegalese has no garden of his own, he may wander in nomadic fashion from one remote oasis to another via camel caravan, or simply by donkey, to tend his scattered crops or to tap the acacia trees to which he has laid a squatter's claim.

Courtesy Fritzsche Bros., Inc.

Morocco: In fields like these, aromatic plants are cultivated.

Tunisia's Contribution

The Barbary Coast, largely because of a varied climate and terrain roughly equivalent to that of southern California, is a "natural" for growing a variety of medicinal botanicals. In Tunisia—long the muddy vortex of the war—flourish numerous herbs, the properties of which make up a fascinating native lore. Included in a long list of such plants are *Citrullus colocynthis* (a gourd containing a powerful cathartic), *Hyoscyamus albus* (a useful antispasmodic), *Marrubium vulgare* (the familiar hoarhound), *Rosmarinus officinalis* (rosemary, a stimulant and carminative), and *Scilla maritima urginea* (a heart stabilizer).

Peculiar Production Problems

Production of medicinal botanicals on a large scale in Tunisia has lagged, however, and past efforts to put the industry on a commercial basis have ended dismally, chiefly because of the natives' lack of incentive for cultivating and gathering the herbs. Their efforts are likely to be very sporadic. Moreover, the nomads or seminomads who collect the plants have the distressing habit of bringing their botanicals to market centers soaked with the heavy dew prevalent in North Africa, so as to get payment for extra weight. Thus loaded with moisture, the plants deteriorate rapidly. When measures were taken to correct this condition, many herb collectors, apparently, added fine dust and other foreign materials to the plants.

Another disadvantage is the custom of delivering botanicals to agricultural centers only on market days when pharmacists or other qualified persons are too busy filling prescriptions and selling other medicines to check carefully the quality of the herbs offered for sale.

Esoteric Skills

Few Europeans in Tunisia are sufficiently trained in the esoteric art of

growing medicinal botanicals to supervise the natives and explain the correct methods of plant cultivation and harvesting. Although the tribesmen are well versed in herb lore—much more so than Europeans—they seem unable to organize production on an efficient scale. Furthermore, the war has mobilized many pharmacists and professional plant growers.

Medicinal plants are exported from Tunisia chiefly in the form of roots, bark, herbs, leaves, and medicinal fruits. Exports in 1938, mainly to France, totaled 200 metric tons, or about 441,140 pounds.

Algeria's Resources

Tunisia's next-door neighbor, Algeria, is likewise rich in plants having curative powers. The principal species for which a steady export demand can be said to exist are *Artemisia absinthium* (wormwood—tonic and stimulant), *Datura stramonium* (properties similar to belladonna), *Marrubium vulgare*, *Punica granatus* (pomegranate—an astringent), and *Urginea maritima*.

Algeria wrestles with practically the same problems as Tunisia in regard to cultivating, collecting, and exporting these botanicals. Nevertheless, in 1938, Algeria shipped a total of 942 metric tons (about 2,076,733 pounds) of medicinal botanicals (consisting of leaves, flowers, roots, fruits, seeds, and bark), more than half of which went to France and some to the United States.

Geranium Herb Cultivated

Algeria's most outstanding contribution in the essential-oil field probably lies in the production of geranium oil. The leaves of the geranium herb (*Pelargonium graveolens*), a bush cultivated on a plantation scale principally in the Mitidja plain, contain an oil of a decided rose-like odor, suitable for application in all kinds of toilet preparations, especially soaps, perfumes, lotions, and powders.

Courtesy Fritzsche Bros., Inc.

Business conference between a European exporter and a native distiller.

The Mitidja plain is an area about 50 miles long and from 12 to 15 miles wide lying south of the coastal mountains and the city of Algiers. Altitude of this gently rolling terrain averages 300 feet above sea level. The area is ideally suited to the cultivation of grapes for wine production, and citrus fruits, as well as geranium.

Cultivation of the geranium is exhausting to the soil, and a plantation lasts on an average not more than 6 years, after which crops must be rotated. Approximately 1,500 hectares, or about 3,705 acres, are planted to geranium in the Mitidja plain in fairly large plots. Cultivators often neglect the production of geranium oil to concentrate on more remunerative crops, such as tobacco, olives, and fruits. Nevertheless, in 1940, Algeria ranked as the second largest supplier of geranium oil to the United States, shipping us 27,043 pounds valued at $51,946, and in 1939, 66,139 pounds valued at $131,061.

In September, cuttings of the herb are immediately set out in nurseries, and after about 2 months, the young plants are transferred to open fields.

Courtesy Fritzsche Bros., Inc.

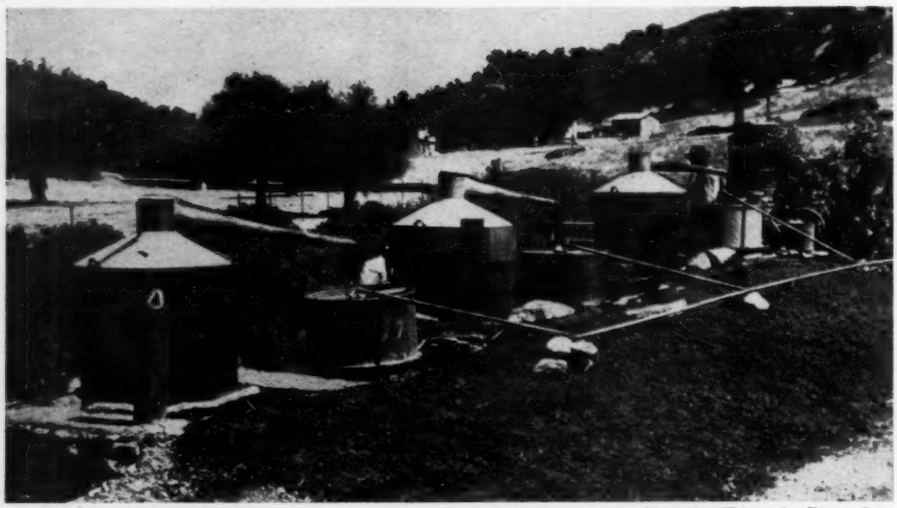
In French Guinea: Decanting (or clearing) of sweet orange oil by African natives.

Sickles in the Sun

Harvesting is a hard, tedious task, requiring stooping for hours in the burning sun and cutting the plant with hand sickles. During the first harvest period—from April to the end of June—the bushes are cut in full bloom when the odor develops from a somewhat lemonlike character to a more pronounced rose perfume. The second harvest period occurs in June and extends to the middle of November. At this time, the herb has lost its flowers and the leaves have started to turn slightly yellow. The yield is usually greater during the first period.

Steam distillation is completed in 20 to 45 minutes, depending upon the oil content. Some 1,000 kilograms of herb material yield about 1 kilogram of oil during the spring and 0.8 kilogram in the fall. The output varies with the prevailing weather.

Algeria is said also to produce neroli in undetermined quantities. A de luxe essential oil extracted from the petals of the orange flower, neroli is employed in the manufacture of fine perfumes and



Courtesy Fritzsche Bros., Inc.

Battery of field stills, in Morocco, for distilling oils of thyme, origanum, rosemary, rue, and pennyroyal.

toilet waters. Prior to the outbreak of hostilities, France was the leading supplier of this oil to the United States.

Morocco's Possibilities

Morocco, like Tunisia and Algeria, is said to be perfectly adapted to the growing of a variety of medicinal herbs and plants. Among the principal herbs grown are: Belladonna (antispasmodic), camomile (emetic), coriander (aromatic), bugwort (mild emetic), seagrapes (powerful astringent), eucalyptus (expectorant), passionflower (sedative), mint (aromatic stimulant), thyme (germicidal and stimulant), and valerian (depressant).

Before the war, an overwhelming majority (from 80 to 90 percent) of the medicinals produced went to France. In 1941, Morocco's shipments of medicinal herbs and plants to France were valued at 70,000,000 francs, and the figure was expected to reach 100,000,000 francs in 1942.

Herbs Moved by Camels, Mules

Until fairly recently Moroccan herbs were relatively unknown on the world markets, principally because of France's monopoly. In the last year or so efforts have been made to improve the quality of the medicinals, and an association was proposed to set up standards, remedy unfavorable growing conditions, and regulate prices paid to growers, collectors, and brokers.

Collecting and transporting the herbs constitute the greatest problems. Producing regions are mainly in the mountainous regions of southern Morocco, far from railways, and goods must be carried, at least to the main roads, by camel or mule caravan—an age-old, dependable, but expensive and laborious method.

Source of Flavorings

One of Morocco's leading exports in the spice and flavoring group is cumin seed, of which 455,208 pounds, valued at $49,715, were shipped to the United States during 1940. Cumin (*Cuminum cyminum*) is an attractive little annual with small, pinkish flowers, highly regarded by the ancients and even mentioned in the Bible. Cultivated for a long time in various parts of the world, cumin probably originated in the Mediterranean area. Today it is extensively grown in southern Europe and in India. The lightbrown fruits or seeds are hot and aromatic in taste. They are used in soups, curries, cake, bread, cheese, and pickles, and are even candied. Oil distilled from the seed is employed in perfumery, in soaps, and in flavoring beverages.

In a class with cumin seed is fenugreek (*Trigonella foenumgraecum*), an annual legume with white flowers and long slender pods. The plant is grown in the Mediterranean area for both forage and ornamental purposes. Its small seeds are used chiefly in the United States as a carrier in manufacturing veterinary preparations, and, combined with other aromatic substances, to make artificial maple flavoring. In 1940, Morocco exported 912,170 pounds of fenugreek seed to the United States.

For Soaps, Scents, Sausages

Of increasing importance are Morocco's exports of oil of bitter almond, labdanum, myrtle, origanum, pennyroyal, rosemary, thyme, and rue. Bitter-almond oil is used in pharmaceuticals, for treatment of skin disorders, and for flavoring purposes after hydrocyanic acid is removed. A balsamic exudation, labdanum goes chiefly into perfumes, cosmetics, and soaps. Myrtle flavors sausages, meat sauces, and is employed in eau de cologne. Origanum is a valuable antiseptic in pharmaceutical and dental preparations; it flavors sausages and is found in soaps. Pennyroyal is employed in medicines, but, principally, in soaps; and rue flavors condiments, sausages, and sauces.

The production of orange oil, neroli, caraway, and other aromatics shows great promise in Morocco, though at present the output is fairly limited.

Production in French Guinea

One of French Guinea's most important and popular exports is sweet-orange oil, extracted from the peel of *Citrus aurantium*. French West African 1939 exports of this oil totaled some 298 metric tons.

Some of the manifold applications of orange oil as a food and drink flavoring may be found in bakery goods, carbonated soft drinks, ices, gelatin desserts, candies, jams, jellies, bitters, and liqueurs. It is also valuable in flavoring medicinals, and is recommended in the treatment of bronchitis and as a replacement for oil of turpentine in certain official United States pharmacopoeia preparations. Its distinctive odor is par-

Courtesy Fritzsche Bros., Inc.

Geranium distillery in Algeria.

ticularly appreciated in soaps, cosmetics, lotions, and perfumes.

Orange trees are found in scattered groves throughout the valley of the Fouta-Djallon region, at altitudes from 800 to 1,000 meters. The gathering of the fruit for pressing the oil ordinarily takes place from November to March. One tree is said to yield 1,500 oranges a year, or enough to produce 1 kilogram of oil. The yield varies with the degree of ripeness of the fruit, diminishing as the season advances.

Primitive Native Methods

Primitive methods are employed to extract the oil. The Fulah or mandingos (whole families sometimes working together) simply hold the fruit over a receptacle of enamelled iron and scrape the rind with a rough spatula or even the shell of a mollusk. The oil liberated thereby runs into the bowl, the contents of which are immediately filtered and collected in glass vials. In this fashion, a native can extract about 1 liter of oil per day, the average yearly production of a single Fouta orange tree.

Simple as this manufacturing method may appear, many difficulties arise in purifying and preserving the delicate essence. An intricate system, therefore, has been devised by French essential-oil concerns to maintain a high standard of orange oil.

In the interior of French Guinea, advance contracts are made with native chiefs for the orange harvest. African workers take the fruit to work yards set up near important groves by the chiefs in cooperation with French essential-oil specialists. Here the oil is pressed, bottled, collected, paid for, and transported by wagon to a principal depot where it is transferred to steel barrels lined with pure tin. To eliminate risk of oxidation, all air is expelled from the barrels before sealing. They are then sent to the port of Conakry to be shipped abroad—prior to the war, chiefly to France.

Pure, Fresh, for Many Uses

On arrival, further processing occurs. Not until the oil is poured off, refiltered under pressure, and sealed in tin receptacles is it ready for sale. In this fashion the essence reaches the consumer pure and remarkably fresh. Any gum, water, or cellulose that might have been present in the oil is said to be removed by this treatment.

All the orange oil produced in French Guinea may not reach this standard of perfection, since some independent producers package their oil in improper containers without attempting to purify it.

To correct these conditions, the Chamber of Commerce of Conakry early in 1941 set up strict production standards on orange oil destined for export. The essence must have a clear, uniform appearance and freedom from any impurities in solution or suspension, and the odor must suggest the aroma of the fresh fruit. It should meet the test of a specified chemical assay. Only scrupulously clean receptacles, properly marked, may be used.

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Courtesy Fritzsche Bros., Inc.

Drums of orange oil awaiting shipment in French Africa.

The best of French Guinea orange oil is said to compare favorably with the Italian product.

Output of Gum Arabic

Gum arabic is exported in appreciable quantities from Dakar, Senegal. In 1939, exports amounted to 5,602 metric tons, compared with 4,949 tons in 1938. About 90 percent of these shipments went to France.

Although the Anglo-Egyptian Sudan is the largest source of gum arabic for the United States, about 142,036 pounds came to us from French West Africa during 1940.

Production of gum arabic in Mauritania amounted to 1,837 metric tons in 1938. Almost all is sent to Dakar for reconditioning and export. Gum arabic, or gum Senegal, is the gummy exudation of the *Acacia verek*, a small, thorny tree growing in the arid belt which crosses Africa within the 13th and 14th parallels of latitude from Ethiopia to Senegal. In Senegal the trees are found around Podor in the forest of N'Dioum, on the Senegal River; and in the French Sudan, around Timbuktu and in the Adrar and Kaarta regions. Marketing centers are located at points along the Senegal railroad. Some gum is exported north through Niger by camel caravan.

Since moisture is an important factor in gum yields, well-digging and forestry reserve establishments have been introduced in Senegal and the Sudan. The Sudan Forest Service is establishing plantations on the Niger tributaries.

"Pathological Gummosis"

The acacia tree grows to a height of 12 to 18 feet, has a whitish-gray bark, and light feathery leaves and dark, hooked thorns. Because of its long, tenacious roots, thirsty for water, the species is useful in fixing shifting desert sands. It has many enemies, however, as camels and goats find its leaves excellent grazing and locusts, white ants, beetles, and borers prey upon it. After a life span of about 25 years, the acacia finally succumbs to attacks of insects and is finished off by swarms of white ants.

The gum is produced by degeneration of the structure of the inner bark tissues—a thick juice exuding as a result of natural or artificial wounds, referred to as pathological gummosis. Natural wounds occur from cracking of the bark in hot weather, attacks of insects, and from parasitic growths. During the tapping season the trees are deliberately wounded by collectors. While the flow of gum is variable the greater amount is produced by unhealthy trees and in hot, dry periods.

Crystalline Globules

The season for tapping the trees begins in October, after the rains are over, and continues up to the first rains of the next year, about May. At just the auspicious moment, the native takes his homemade ax, climbs on his donkey, and rides off to his acacia claim. His rights to the claim are generally respected, unless he neglects to care for or tap the trees. With him he takes a skin full of water and a small skin of food, for he may be gone for weeks.

A tapper generally uses a long-handled hatchet with a narrow blade to cut the bark. The liquid gum slowly exudes, mostly during the hottest time of the day, hardens from contact with the air, and forms into crystalline amber-colored globules. After several weeks, the first globules are picked from the trees, varying in size from ¼ inch to 1½ inches in diameter. An average yearly crop per tree is from 1 to 2 pounds.

Girls Toss Gum in Baskets

During the season, a tapper has a choice of taking his collection to his

(Continued on p. 38)

Reciprocal Accords Ease Wartime Stresses

And Lessons in Cooperation Serve as Springboard for Progress

By JOSEPH C. ROVENSKY, *Assistant Coordinator of Inter-American Affairs* [1]

OUR THOUGHTS TODAY naturally focus on one goal—the winning of the war. On that we are all agreed. To that end, we dedicate our energies, our will. Without victory to stamp out the menace of Axis aggression, we cannot resume the free flow of commerce among nations. World trade, above all, lives and grows in an atmosphere of freedom and opportunity for all peoples to market their wares and talents to best advantage.

Well the free peoples of the Western Hemisphere know this fact. * * * The wheat and cotton, the metals and oil of the Americas helped sustain the old world. From the old world, the young peoples of the Western Hemisphere gained their start in life. Now, in this world struggle, the Western Hemisphere countries feel the shattering effects of global war upon the commerce developed through many years of hard work.

Concentrating for Crisis

The Good Neighbors, too, are in the war. From the Arctic to the Antarctic, the great natural resources and the manpower of this hemisphere are concentrating on the side of the United Nations for the final stage of the titanic struggle. Once more, the American peoples answer the battle cry for freedom. The gathering strength of the New World moves overseas in a swelling flood for the show-down battles. In Russia, the Axis tide of conquest recedes. The fighting men, the arms, the food from the Americas will hasten the doom of Hitler and his mirage of world domination.

In this fight against a common enemy, the American republics are united as never before. Nineteen of the other Americas have broken relations with the Axis. Eleven are our allies in war. Two of these fighting allies—Mexico and Brazil—are among the largest of the hemisphere countries in territory, population, resources. World conquerors never were popular with the American peoples. Now, more than ever, we understand that we can continue our free ways of life, preserve our opportunities to pioneer in our own ways, only by smashing the Axis.

That is why United States industry and manpower are concentrated on war tasks; why foreign trade serves war needs; why the countries of the New World live in a period of unparalleled stresses and strains. War has applied the supreme test to the Good Neighbor policy. And how that policy, after 10 years, stands the strain of war can be seen in the unparalleled unity of the American peoples. Ordinary trade, the comforts and conveniences which stem from this trade, temporarily are sacrificed in behalf of hemisphere security and victory over the Axis menace.

Easing Economic Shocks

But let us take a look behind us before we examine more closely the strains of this all-out war effort. Since Hitler's war machines dashed into Poland, this war has accelerated the trend toward inter-Americanism. After the war began, our neighboring republics looked to us for goods formerly supplied by Europe, for markets to absorb commodities they had sold to continental Europe. The reorientation of trade along inter-American lines eased the economic shocks of war on the New World. Our tremendous armament program opened a big market for raw materials. This absorbed surpluses of metals, wool, and other commodities formerly exported to Europe. U. S. imports from the other Americas approximated $1,000,000,000 in 1941, nearly double the pre-war volume in terms of dollars. Until Pearl Harbor, the industrial capacity of the United States supplied increasing demand for materials and machinery from the other Americas as well as our own rising armament production.

After Pearl Harbor, the strain of all-out war was felt throughout the Western Hemisphere. The great manufacturing industries which had supplied most of our exports to our southern neighbors were converted to war work. Many ships on inter-American trade routes were diverted to war tasks. And shipping is the keystone of inter-American trade.

Yet the Americas had achieved much in the preparation for this crisis. Many years of Pan American effort, capped by President Roosevelt's successful Good Neighbor policy, had done the spade work for the inter-American cooperation of today. Soon after Pearl Harbor, the capacity of the Americas to work together more closely in wartime was reflected in the achievements of the Rio de Janeiro conference of American Foreign Ministers in January 1942. That conference, as you so well recall, laid down an historic foundation for expanded inter-American collaboration.

Dynamic Help from Neighbors

Note some of the accomplishments under the Rio program. Our Latin American neighbors have agreed to provide United Nations war industry with virtually all their surplus of minerals, rubber, and other strategic materials. They are working with the Good Neighbor of the north in strengthening hemisphere defenses, increasing production, driving out Axis interests, developing strategic highways and airways, protecting ocean trade routes.

The war plants of the Middle West draw a substantial part of their strategic materials from these countries to the south. Most or part of our copper, bauxite, tin, lead, zinc, manganese, mercury, nitrates, balsa wood, mahogany, quinine, and other indispensable materials are coming from Latin America. Without these resources, our war industry could never have attained its remarkable record of production.

Nor is the economic help from our neighbors static. On the contrary, development proceeds in many lines to augment production of strategic materials and to replace United Nations losses of tropical-grown materials. Witness the scope of some of these. Forty thousand acres of abaca, the source of manila hemp are being planted in Central America to help replace fiber losses from the Far East. Brazil is recruiting 50,000 additional rubber workers for the Amazon. Thousands of new workers are expanding mineral production in Mexico, Brazil, Peru, Bolivia, Chile, and elsewhere for North American arsenals.

New Means of Mutual Aid

This is indeed Good Neighbor cooperation. What it portends for the future, for increase in inter-American trade,

[1] With slight adaptations in phrasing, this article embodies the text of Mr. Rovensky's recent address before the annual Chicago World Trade Conference.

might provide an inspiring subject if we could take our thoughts away from the compelling theme of first winning the war. Most significant is the undeniable fact that the Americas have shown they can work together for common interest in mutual trust and good will. That fact holds more significance for history than Hitler's temporary mastery of Europe.

The capacity of the Americas to work together is illustrated in many deeds. It is shown in new machinery for cooperation. One of these is the Inter-American Institute of Agricultural Sciences. This Institute is being set up in Costa Rica to serve as a center of research and development. It is illustrated, too, in the Institute of Inter-American Affairs, formed as a medium of cooperation in the solution of problems arising from wartime trade dislocations and development of hemisphere resources.

In health and sanitation, food supply and emergency rehabilitation, the Institute participates in a large-scale cooperative program designed to ease the stresses and strains of war upon human beings. For instance, rubber development must proceed in the primitive tropical forests to the south. The thousands of workers being moved into the Amazon and Central American forests need medical supplies, hospitals, food.

Free Peoples Join Hands

Another example of the neighborly spirit expressed in deeds may be seen in Honduras. There, in the banana-growing areas, the disruption of trade brought sudden economic crisis. The Institute of Inter-American Affairs, in collaboration with Honduras, undertook a road project to provide employment while Honduras readjusts her economy to production of fibers, rubber, and other strategic materials. This work makes a useful addition to the country's productive facilities. Roads are one of the best contributions which could be made to Honduras' economy.

Thus the free people of the New World join hands to smash their enemies and to cushion the economic shocks of war. Most of these cooperative actions do not make spectacular headlines. Yet, in the aggregate, they mount up to a large program which holds lasting meaning for the future of world trade and political events. * * *

Lend-Lease: Vital Mechanism

In most ways of trade and life, war brings tremendous change. And change, in turn, brings new mechanisms, new trade habits, both in private and governmental fields of action. Lend-Lease, for instance, is a mechanism essential to the uniting of the forces of freedom against the Axis.

The principles of Lend-Lease generally are accepted in our country. In the application of Lend-Lease there has been, and probably ever will be, difference of opinion. It is my hope that within the Americas Lend-Lease will be used only for transfer of war materials. Essentially that is the note of Lend-Lease. I am firmly of the opinion that Lend-Lease is necessary, and it is pleasing to note that indications point toward its continuance.

Reciprocal Agreements

Another important mechanism, in the spotlight now, is reciprocal trade-agreement legislation. This is up for congressional attention. The Reciprocal Trade-Agreements Act and its accomplishments since 1934 happily are linked with our great Secretary of State and proponent of international trade, Mr. Cordell Hull. I feel sure that all foreign traders believe in the reciprocal trade policy and want to see it remain on our law books.

Foreign trade now is in the service of the war effort. Foreign traders would have it that way and are willing to sacrifice for the winning of the war. After we have won this war, peaceful reciprocal trade again will come to the forefront. No nation can live in isolation and expect to move with the world's procession toward improvement of the economic well-being of the average citizen. The experience of the last decade reinforces the conviction that healthy international trade is indispensable to maintenance of peace. Isolation in trade breeds war rather than peace. History amply supports this belief.

Think in International Terms

When victory is won, we shall still be part of the world. For better or for worse, we must move with the global fortunes of mankind. Whether we will it or not, we must think in international terms. The airplane and the radio—if nothing else—make our planet smaller every day in terms of trade and cultural relations. International commerce and finance are indispensable parts of world relations. This fundamental aspect of world trade must be recognized when we consider the reciprocal trade-agreements policy. Moreover, reciprocal trade must be a foundation stone of Good Neighbor relations, whether among the Americas or between them and nations outside this hemisphere.

Let us point out here only three of the many aspects of reciprocal trade policy: (1) reciprocal trade agreements are subject to review after a period of years; (2) there are limits within which tariff changes can be made up or down and articles can be removed or changed from the free list to the dutiable list; (3) there is ample room within the scope of the reciprocal trade agreements policy for debate and reconciliation of differences.[1] * * *

[1] EDITOR'S NOTE.—In connection with Mr. Rovensky's references to the reciprocal trade policy of this country, the editor of FOREIGN COMMERCE WEEKLY feels that it is not inappropriate at this point to call attention to the fact that the Department of Commerce has been steadily and consistently active in furthering the numerous helpful trade agreements that have been negotiated with foreign countries. This Department's trade and tariff specialists have regularly conferred and worked in cooperation with the Department of State on each reciprocal trade agreement.

Fuller Use of Great Resources

When the fighting men have settled our differences with Hitlerism, then we must move along the road of reciprocal trade toward goals of peaceful living, toward fuller use of the great resources of the Americas for improvement in everyday living standards. *But there is no use to dream of a better house for tomorrow if we whittle away at the foundations today by destroying such sound legislation as the reciprocal trade agreements policy.*

The Americas have built their good relations upon a firm foundation of reciprocal action. The reciprocal trade policy was one of the long strides toward accomplishment of the unity we see today. Meanwhile, many other steps have been taken. Just the other day, for example, there was announced the last of the national commissions organized under the Inter-American Development Commission. This was the United States Commission. Mr. Eric A. Johnston, President of the U. S. Chamber of Commerce, has been chosen chairman of the United States Commission. Last year similar commissions were organized in the 20 other American republics. The commissions consist of panels of representative businessmen. They serve as channels of cooperation between business and government in the development of the hemisphere's resources for the welfare of the American peoples.

An Industrial Research Institute will be formed to act as a laboratory for this development of hemisphere industry and trade. The United States Commission will be affiliated closely with the Committee for Economic Development within the United States. This is another, and important, cog in the increasing machinery of inter-American cooperation and reciprocal action.

Opportunity the Keynote

So the Americas united move forward, first to victory, then toward resumption of peaceful progress as free men in the building of a new world civilization. When peace comes, our southern neighbors will have large resources of cash and accumulated demand for resumption of normal trade. The jingle of the dollar in the pockets of our Latin American neighbors will sound a call to the traders of the whole world. Into that opportunity for trade, North American industry will take its war-expanded capacity to produce steel, machines, tools, airplanes, chemicals, and other things that these markets need and cannot buy now.

Foreign traders know their markets. They have made good friends to the south. They have done good business with the Good Neighbors of this hemisphere. They will begin where they left off. Some may start fresh. But all will start with heads up, looking for something *better* than was attainable before. And that light one sees in the distance is not a pale moon of uncertain promise: it is a golden opportunity to take the lessons, the advance of inter-American cooperation, the expanding industrial capacity of wartime, as a springboard for post-war progress.

News by COUNTRIES

Argentina

Wartime Commodity Controls

Typewriters, Potassium Permanganate, and Camphor Rationed.—The Ministry of Finance of Argentina, in a press release dated January 15, 1943, announced that three resolutions had been issued jointly by the Ministries of Finance and Agriculture rationing typewriters, potassium permanganate, and camphor.

Resolution No. 12, dated January 14, 1943, provides that half the present stocks of new typewriters held by dealers shall be reserved for government offices and that a special rationing commission composed of three members shall deliver the other half, as well as any typewriters which may be imported, to national, provincial, and municipal administrations, banks, public-service entities, industrial and commercial firms, and those practicing a profession. Portable typewriters are not excluded from the rationing provisions.

The rationing commission will include one member from the Ministry of Finance, one from the Ministry of Agriculture, and one selected by the trade.

Resolution No. 8, dated January 14, 1943, states that, because present stocks and future importations of potassium permanganate will not be sufficient to supply the nation's requirements, supplies of this chemical may be used only for the following purposes and in the following proportions: Medical and laboratory uses, 70 percent; tanning, 28 percent; and photographic uses, 2 percent.

Sworn declaration of stocks must be made to the Committee of Exportation and of Industrial and Commercial Development, which will undertake the distribution of the chemical.

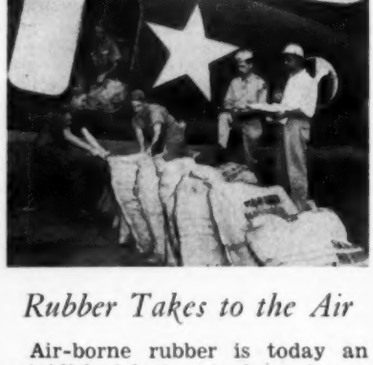
Resolution No. 9, also dated January 14, 1943, refers to the shortage of camphor and states that this chemical may be used only for the manufacture of medicinals for national use. As in the case of potassium permanganate, the Committee of Exportation and of Industrial and Commercial Development will be in charge of distribution and receive declarations of the stocks held by industrialists.

Transport and Communication

Gross Receipts of Argentine North Eastern Railway Increase.—Substantial increases in gross receipts are shown by the Argentine North Eastern Railway for the year ended June 30, 1942—an increase of £183,309 over the previous year and the highest in the history of the company—according to a foreign trade journal. Much of this gain was offset, however, by the cost of fuel which increased £78,000.

The improvement in gross receipts was brought about by an increase in passenger transport and increased traffic in agricultural products, fruits and vegetables, and cattle. Fruits and vegetables together form the most important item of revenue aside from passengers. Anticipated development of the orange groves will augment the volume of traffic from this lucrative source.

The Cover Picture



Rubber Takes to the Air

Air-borne rubber is today an established fact, as is shown in our cover picture this week. Army air transports, returning from Panama without full loads, now pick up rubber in Central America to complete their cargo.

Stocks of rubber, in sacks or bales, marked and ready for loading, are maintained on hand and are put aboard the planes while these are being refueled. Thus no time is lost, and delivery of an urgently needed product is speeded—a distinct advantage in view of the uncertainty of ocean shipping.

Besides speed, there is the far from negligible factor of safety, because every ounce of rubber the United States can get is very much worth while—and the submarine menace to air-borne freight may fairly be described as *nil*.

In our picture, the rubber that is being loaded is "tree scrap" from the Castilloa trees of Nicaragua. Other scrap rubber is picked up at airfields in Panama and Guatemala, being flown to San Antonio, Tex.

Bolivia

Tariffs and Trade Controls

Equipment and Supplies for Rubber Production: Admitted Duty-Free when Imported into Departments of Beni and Pando.—Equipment and supplies of various kinds imported for use exclusively in rubber production in the Bolivian departments of Beni and Pando were exempted from payment of customs duties and miscellaneous charges by a decree of December 31, 1942. The decree, which affects over 200 classifications of the Bolivian import tariff, is designed to facilitate the customs entry of essential supplies and equipment into the chief rubber-producing districts of the country.

British Honduras

Tariffs and Trade Controls

Export Duties Increased on Rum.—Rum exported from British Honduras was made subject to increased export duties by a resolution of the Legislative Council, dated December 19, 1942. According to this amendment, the export duties were increased from $3 to $3.60 per gallon for (a) rum not exceeding the strength of proof; and from $3 to $3.60 per proof gallon for (b) rum exceeding the strength of proof.

British West Indies

Economic Conditions

SITUATION IN JAMAICA

The tremendous influence on Jamaica's economy of priorities, export restrictions, domestic transportation difficulties following rationing of gasoline and kerosene, and other wartime measures was evident in January. Heavy demand for petroleum products in connection with the manufacture and transportation of sugar has prompted the Government, in order to insure adequate fuel for shipment of the 1943 crop, to suspend all tractor-ploughing operations using kerosene, gasoline, gas oil or Diesel oil. These factors caused retail sales to decline in all lines at the beginning of 1943, and stocks of some commodities, particularly metals, hardware, raw materials, and building supplies, were low. The lack of raw materials was a cause of great concern to manufacturers of shoes, matches, and beer, while the shortage of building supplies, particularly imported lumber, led to severe restrictions on building construction and

made domestic hardwoods in demand at high prices.

The Government's efforts during the last part of 1942 to relieve the serious labor situation continued during January. Various public works, such as road construction, drainage, swamp reclamation, bridge building and repair, agricultural development, including rural water supply, have absorbed many workers.

The cost of living has risen considerably since 1939, with clothing, fuel, food and rent ranking highest. The general average increase for the working-class family was 59.50 percent above the August 1939 level of prices for articles, goods, and services. Food rose about 53 percent in this period.

The agricultural outlook, including weather conditions, was favorable to increased production of certain commodities, particularly potatoes and other vegetables, and cattle. The war, to date, has affected Jamaican agriculture only slightly, though it has caused practically a cessation of banana exports. The decline in imports of food products occasioned by the shipping shortage has stimulated home production of foods and raw materials for manufacturing.

The value of exports increased in November 1942, over that of November 1941, but the value of exports from January to November 1942 was less than the value of the comparable period in 1941. No bananas were exported during November 1942, and sugar remained the island's principal export, with rum ranking second. Other exports in November were annato, cocoa, coconuts, coffee, coconut oil, dyewood extract, ginger, goatskins, orange oil, pimento, lard, margarine, and tobacco products.

Transport and Communication

Transport Services Being Coordinated in Trinidad.—Plans for the coordination of all transport services are going forward in Trinidad.

The British West Indian Airways is now handling some 500 passengers a week; operations have increased from 10,000 to 70,000 miles flown per month.

Railway and bus services have been handicapped through lack of equipment and rubber supplies; harbor management has been reorganized to meet the unprecedented maritime traffic.

The schooner pool for interisland cargoes between the West Indies has been approved, in principle, by the Government, but details have not been completed.

Canada

Tariffs and Trade Controls

Woolen Goods: Additional Products Subject to Import Permit.—Woolen goods may not be imported into Canada except under permit, in accordance with the terms of a permit issued by the Minister of National Revenue upon approval of the Wool Administrator, according to a customs memorandum issued by the Department of National Revenue, Ottawa, February 15, 1943.

The order covers a wide variety of woolen goods, wholly or in part of wool, including yarns, woven fabrics, pressed felt, filter-press cloth, billiard cloth, slipper cloth to be used in the manufacture of house slippers, and batts, batting, and wadding of wool.

Other articles, wholly or in chief part, by weight, of wool are: Wool socks or stockings; blankets, not including automobile or steamer rugs, or similar articles; stereotypers' and typecasters' blankets or blanketing and press blankets or blanketing used for printing presses, of a class or kind not made in Canada; and knitted garments, knitted underwear, and knitted goods, n. o. p.

Import permits will not be required for occasional or incidental shipments not exceeding $25 in value.

Goods in transit to Canada on or before February 15 are not affected by the order.

The importation direct from the United Kingdom of woolen goods referred to in the above order may be imported under general permit.

Animal Charcoal for Specified Uses: Exempt from Duty and Taxes.—Animal charcoal imported into Canada to be used in the refining of sugar and corn products is exempted from duty, the war exchange tax, and the special excise tax, by an order in council, effective January 2, 1943, establishing a new tariff item (689b), according to customs memorandum No. 47 (T. C. 105) isued by the Department of National Revenue, Ottawa, February 2.

Potato Starch and a Wide Range of Leather Products Added to the List of Goods Requiring Export Permits.—Potato starch, boots and shoes, and a wide range of leather goods may not be exported from Canada to any destination except under permit, by an order in council, effective January 28, 1943, according to a memorandum issued by the Department of National Revenue, Ottawa, January 26.

The official list of articles covered by this order includes: Potato starch; boots, shoes and slippers; manufactures of leather; physicians' bags; tool, duffle, and sports bags; musical-instrument cases, and luggage of all kinds.

Chile

Tariffs and Trade Controls

Corn: Import Duty Conditionally Reduced.—The Chilean import duty on corn was reduced from 0.10 to 0.075 gold peso per gross kilogram, up to a total of 5,000 metric tons annually, by a decree of January 5, published in the Diario Oficial of January 23, 1943.

Keen Comments on World-Economy Today

[Forty-second in a series of excerpts from notable books and speeches]

Channeling "the Driving Quality Called Forth by a Cataclysm"

The language of modern economics is the language of enormously complicated cooperation. The language of social reconstruction must be, for the time at least, cast in the same line. It is not possible in a modern world to think in simple units. Indeed, if simple units are needed for the real development of human beings, a part of the contribution which must be made is the development of means by which they can once more be attained.

In terms of social mechanism, plainly the obligation is laid upon all who have a part in it, high and low, to provide certain elementary avenues of opportunity. Even in a highly industrialized system, where man's work is reduced to standardized norms, the man himself still needs recognition, creation, fulfillment. Obviously, he also needs the elementary assurances upon which a man can found a life and a home. Quite as obviously, he must accept and fulfill the obligations on which these are based.

Too often the opportunities for improvement of our social structure have been lost, not because we did not know *how* but because, fundamentally, no one really wanted to make them effective. * * *

A friend of mine put it very simply, not so long ago, as we went through a particularly depressed area in New York. We had been working at housing, and had recited all of the usual obstacles which have made it apparently impossible even to scratch the surface of that enormous problem. * * * My friend observed that if an earthquake were to create a great disaster in that area, at once it would be rebuilt, and probably on a finer model.

The fact of the disaster would create the compelling desire. The financial techniques which we know would be used; the greed would vanish in the face of an overmastering need and a compelling public opinion; the design of the thing which was rebuilt would be finer by far than that of the area destroyed.

Is it too much to ask that the driving quality which can be called forth by a great cataclysm might be made available for continuous and steady action? *Is it necessary that some scourge of God, driving by brute fear, shall create a common will?*

(*From "New Directions in the New World," by Adolf A. Berle, jr., Assistant Secretary of State of the United States. Publishers: Harper & Bros., New York and London.*)

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Colombia

Transport and Communication

Weekly Air Service Between Ecuador and Colombia Established.—A new weekly air service has been established between Bogota, Colombia, and Quito, Ecuador, with travel time for the trip north scheduled as 5 hours, and for the trip south, 6½ hours.

Avianca will operate the complementary service from Bogota-Cali, Ecuador, to Ipiales, Colombia, and Panagra will maintain the service between Ipiales and Quito.

Costa Rica

Exchange and Finance

Exchange Situation.—Dollar exchange continues to be plentiful in Costa Rica and the Exchange Board grants applications without delay.

Cuba

Exchange and Finance

Budgetary Revenues.—During the period January 1 to 30, 1943, Cuban regular budgetary receipts were 7,857,000 pesos, compared with 7,836,000 in the corresponding period of 1942. In neither case do the figures include the following additional receipts: (a) the proceeds of tax surcharges created by the Emergency-Tax Law of September 8, 1941 (471,000 pesos in 1943 and 552,000 in 1942); (b) the proceeds of taxes established for defense and other emergency purposes under decree laws of December 31, 1941, and February 6, 1942 (767,000 pesos in 1943 and 183,000 in 1942); (c) the proceeds of taxes created under the law of November 22, 1941, for the service of the $25,000,000 loan (160,000 pesos in 1943 and 32,000 in 1942).

In a message dated January 26 the President submitted to Congress a tax bill designed to produce 16,000,000 pesos of additional revenue per annum. These funds would provide resources for restoration of the 1942 government pay-roll increases, for various pension accounts, and for certain other expenses set forth in the bill (see below).

President Submits New Tax Bill to Congress.—The President of Cuba, in a message of January 26, 1943, to the Cuban Congress, recommended that the rates of certain existing taxes be increased and that new taxes be imposed on specified goods to produce additional revenue estimated at $16,000,000 per year. The new funds, according to the President, will be used to provide money for the restoration of the 1942 government pay-roll increases; to strengthen various pension funds, and to provide pensions for members of the Cuban armed forces who withdrew from service following the events of September 4, 1933; to increase the allotment for the Habana University; to increase by 5 centavos a day the per-capita allowance for maintaining the inmates of State institutions; and for other extra-budgetary purposes set forth in the bill. The following are a few details of the proposed law:

All companies or enterprises in Cuba, domestic or foreign, would be assessed an annual tax of 3 pesos for each 1,000 pesos of the capital, computed at its "real value," with which they are operating in Cuba. In addition thereto and without prejudice to the existing profit taxes, such companies or enterprises would pay an additional annual tax of 15 percent on any profits earned in excess of 10 percent of the amount of their above mentioned "real" capital.

A tax payable only once of ten one-hundredths of 1 percent of the par value of all of the nominative (registered) shares of all companies operating in Cuba would also be established.

The obligatory use of bills of exchange for every commercial sale made on credit would be established. Such bills of exchange, whether foreign or domestic, would require revenue stamps ranging from 20 centavos on amounts up to 50 pesos to 100 pesos on bills of exchange in excess of 50,000 pesos. In the case of foreign bills of exchange, the required amount of revenue stamps would have to be affixed thereto within 5 calendar days following their receipt in Cuba, and this provision would apply not only to banks, but to any other recipient of a bill of exchange drawn abroad for any purpose.

Cement of all kinds would be taxed 12½ centavos per bag of 42½ kilograms. In the case of domestic cement the tax would be paid by the producer, and in the case of imported cement, at the customhouse simultaneously with the customs duties.

In addition to the above new taxes, the bill would modify and increase a number of existing taxes.

The existing profits taxes would be increased by 50 percent, and the interest on loans other than mortgage loans would be increased from the present rate of 4 percent to 5 percent.

The export tax on money or its equivalent would be increased from 1 to 2 percent. Exports of merchandise and securities, would, however, be exempted from the payment of this increase.

The gross sales tax (originally 1 percent), which is now 2.65 percent, would be increased by an additional one-tenth of 1 percent, making the tax 2.75 percent.

The income tax on salaries, wages, pensions, fees, and similar items would be increased. The individual exemption would be reduced from 1,200 to 1,000 pesos and the tax rates increased—in some cases—by as much as 100 percent. The proposed taxes would range from 1 percent on incomes of from 1,000 to 2,000 pesos to 30½ percent on incomes in excess of 100,000 pesos, compared with the present scale of 1 percent on incomes from 1,200 to 2,400 pesos to 17 percent on incomes in excess of 100,000 pesos.

Tariffs and Trade Controls

Documents Covering Shipments to Cuba Now May be Legalized up to 15 Days After Transporting Vessel Touches First Cuban Port Without Subjecting Covered Goods to Fine.—The provision of the Cuban consular regulations requiring the assessment of fines on goods covered by documents which were legalized after the transporting vessel arrived at its first Cuban port of call has been modified by Cuban customs circular No. 13 of January 19, 1943. Under this circular, to remain in effect for the duration of the war, the fine (of double the applicable consular fees) previously assessed under article 59 of the Cuban consular regulations will not be collected if the covering documents are legalized within 15 days following the date of arrival of the vessel at its Cuban port of destination.

Heavy Traffic at Port of Barcelona

Reports on shipping services in the port of Barcelona, Spain, indicate heavy traffic for the year 1942.

The port authority states that 2,423 vessels, carrying a total of 1,346,000 metric tons of merchandise and 55,000 travelers, entered the port in 1942; ships leaving port numbered 2,446 and carried 446,724 metric tons of cargo and 60,000 persons.

Of the incoming ships, 1 was Portuguese, 1 Swiss, 75 were French, 30 Italian, and 10 German—making a total of 117 incoming steamers under foreign flags.

Transport and Communication

Air Cargo and Mail Shipments Increase; Passenger Travel Decreases.—Both air cargo and mail shipments showed a decided improvement in 1942. From year to year, express shipments have been showing large gains and in 1942 the amount handled was five times that carried in 1941—increasing to a total of 760,027 pounds. Mail carried by airplane almost doubled in volume, totaling 226,320 pounds in 1942, compared with 119,227 pounds in 1941.

These increases may be the result of curtailed maritime-shipping facilities. The bulk of the traffic is handled between Habana and Miami, Fla.; out of 3,008 planes entering and leaving from Cuba, 2,159 were required in traffic between these cities; the other planes handled traffic to and from Mexico, the West Indies, and the Canal Zone.

Because of the reduction in the number of airplanes in service between Cuba and other countries, flight traffic declined from 3,626 in 1941 to 3,008 in 1942, a decrease of approximately 17 percent. The number of passengers carried also showed a decrease of 18,843.

Ecuador

Transport and Communication

The highways of Ecuador recently have become a project of national interest. Heretofore they had been constructed almost entirely by the provinces and municipalities, each providing for its particular needs rather than those of the nation as a whole. Work on the Pan American Highway has helped to awaken interest in national planning.

Ecuador appropriated 7,140,000 sucres ($506,383) for highway work for the fiscal year ending May 30, 1943, including 3 840,000 sucres ($272,356) for new construction, says a January report.

There are 4,231 miles of highways, only about one-sixth of which is paved (based on estimates of the various types of construction). Most of them are narrow—even the paved roads generally are of one-car width. The majority of the main arteries in the Sierra, or highland region, are cobbled, but passable throughout the year. The remainder are generally earth or gravel. Streets in towns are cobbled or surfaced with gravel.

Along the coastal region, roads are chiefly of earth construction and passable during the dry season. There are a few exceptions such as the paved streets of Guayaquil, and tar-surfaced macadam roads adjacent to and in the city of Ancon. Cuenca's streets are paved with block stones.

The Pan American Highway when completed, will be the one main artery with a total length of approximately 1,081 kilometers (671.7 miles). It will extend from Rumichaca, on the Colombian border, to Macará in the south, and will connect the highways of Colombia with those of Peru. About 45 percent of the highway is passable throughout the year.

The Cuenca-Loja road is expected to be finished this year, although progress has been slow on two gaps—Guamote to Tambo, and Loja to Macará. Two cars can pass at practically all points except on the alternate route from Tulcán to Ibarra, via San Gabriel.

Many roads are proposed for construction, including the highway from Quevedo to Manta, which will connect Quito, the capital, with the Pacific coast. Another important link is a connection between Cuenca and Puerto Bolivar, passing through Girón, Uzhcurrumi, Pasaje and Machala.

The bulk of road work is done by hand labor, though there has been an increase in the use of road-building machinery from the United States. Practically all of the road materials used in Ecuador are available locally, as in most parts of the country there is an ample supply of sand, gravel, and stone. Cement, which has been imported in large quantities in previous years, will be supplied by producers in Guayaquil.

Ireland's Air Traffic Mounts

Regular air service from Eire to England remained popular during 1942, and the number of passenger miles flown showed a decided increase. The English terminus of the cross-Channel air route was changed in November from Barton Airport, Manchester, to Speke Airport, Liverpool, where improved passenger facilities are available.

Traffic on the Pan-American Airways, the American Export Lines, and the British Overseas Airways Corporation increased on the trans-Atlantic air-service communication from Foynes and Rynanna Airports. The American Export Lines expect to increase traffic facilities in May by adding at least one plane daily each way.

Eire

Transport and Communication

Bus Situation in Dublin.—Despite curtailment in bus services owing to lack of rubber and fuel supplies, the Dublin United Transport Co., is showing favorable operating conditions. It is understood that every effort is being made to keep essential services functioning, though it may be necessary to do so on a reduced scale.

Since April 1942, all busses in Dublin and its suburbs cease operation at 10 p. m.; and the speed of busses and all heavy vehicles has been reduced to 20 miles per hour.

The company announced in January 1943 a final dividend of 4 percent on the ordinary stock. This makes a 6-percent dividend for the year 1942, compared with 5 percent for 1941 and 4 percent in 1940.

Canal Traffic.—Traffic on the canal system of Eire increased during 1942, stimulated by rail and motor transportation difficulties. New barges were put in operation to meet transport demands.

Telephone and Telegraph Services.—Approximately 47,500 telephones were in use in Eire at the end of 1941, according to recently published figures. Local calls made in 1941 numbered 36,000,000, an increase of 1,471,000 over the preceding year; trunk calls totaled 4,966,000, an increase of 927,000.

Telegraphic service has now been extended to 19 islands around the Eire coast.

Finland

Tariffs and Trade Controls

Electrical Material: German Standards Adopted.—The Finnish Electrical Inspectorate has agreed with the VED (Verein Deutsche Elektroingenieure) to adopt the standards and test methods of that organization for all electrical materials sold in Finland, according to the Finnish press of January 13, 1943.

France

Tariffs and Trade Controls

Special Sales Taxes Established to Cover Expenses of General Organization Committee of Commerce.—Special sales taxes, intended to cover the administrative expenses of the General Organization Committee of Commerce, were created in France by an order of August 24, 1942, effective from January 1, 1942, and published in the Journal Officiel of August 28.

These taxes were fixed as follows: A lump-sum tax of 50 francs for enterprises with a 1941 turn-over equal to or less than 20,000 francs; a lump-sum tax of 100 francs for enterprises with a 1941 turn-over of more than 20,000 and less than or equal to 100,000 francs; and a tax of 0.10 percent or 0.15 percent on other enterprises, according to kind.

[See FOREIGN COMMERCE WEEKLY of September 5, 1942, for announcement of previous tax.]

Wool: National Intertrade Committee Established.—A National Intertrade Wool Committee has been created in France, under the authority of the Minister-Secretary of State for Agriculture and for Supplies and of the Secretary of State for Industrial Production, by law No. 774 of August 12, 1942, published in the Journel Officiel of August 25.

This committee has for its mission the study of problems of common interest to wool producers dependent on the National Peasant Corporation and to wool buyers dependent on the General Organization Committee of the Textile Industry, as well as the fixing of rules which must, by their nature, be imposed on both at once.

It is also to study and propose measures for improving wool production in France and the French Empire, to propose prices, and to create and control compensation offices to assure valorization of wool.

Wine Supplies Regulated.—All wines and musts produced in or imported into France, including all stocks held on September 1, 1942, have been placed at the disposition of general revictualing, by law No. 779 and several orders of August 13, 1942, effective from September 1, and published in the Journal Officiel of August 30.

The purchase, withdrawal, and circulation of musts and wines for any purpose whatsoever have been made subject to special permit issued by the Secretary of State for Agriculture and Supplies or under conditions ordered by him.

Importation of wines from North Africa, labeling of wines, and family consumption of wines are made subject to

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special regulation, while the appropriate Secretaries of State are also authorized to regulate distillation of brandy from wine, and wines and musts intended for exportation.

French North Africa

Tariffs and Trade Controls

Olives: Industrial Preserving and Sale of Green Olives Prohibited in Morocco.—The industrial preparation of preserves of olives under any form whatsoever and the gathering and sale of green olives have been prohibited in the French zone of Morocco, by an order of October 1, 1942, published in the Bulletin Officiel of October 9.

Barley Groats and Semolina: Export-License Tax Increased in Morocco.—The export-license tax on barley groats and semolina exported from the French zone of Morocco has been increased from 115 francs to 147 francs per 100 gross kilograms, effective from September 21, 1942, by a decision of September 20, published in the Bulletin Officiel of September 25.

Liver Pastes: Morocco Fixes Export-License Tax.—An export-license tax of 50 francs per 100 gross kilograms has been fixed on liver pastes, purees and the like, in any container, with or without truffles, exported from the French zone of Morocco, effective from September 21, 1942, by an order of October 1, published in the Bulletin Officiel of October 9.

Technical Recuperation Committee Established in Tunisia.—A Technical Committee of Recuperation and Utilization of Scrap and Old Materials has been created in Tunisia, by an order of August 19, 1942, published in the Journal Officiel Tunisien of September 1.

This committee is to study and present programs for the collection, use, exportation, importation, and prices of scrap and old materials, and is to control the recuperation of such materials.

Alexandrian Clover: Export-License Tax Fixed in Tunisia.—The export-license tax on Alexandrian clover exported from Tunisia to any destination has been fixed at 240 francs per 100 net kilograms, by an order of August 21, 1942, published in the Journal Officiel Tunisien and effective on August 29.

(The tax on Alexandrian clover exported to Algeria had been 175 francs per 100 net kilograms, as announced in FOREIGN COMMERCE WEEKLY of July 11, 1942.)

Reciprocal Lend-Lease in British Lands "Down Under"

American armed forces in Australia and New Zealand are now receiving nearly all of their food rations as reciprocal aid, says a recent statement by the Lend-Lease Administrator. The supplies of food already furnished us have resulted in serious civilian shortages, in both countries, of meat, dairy and egg products, vegetables, and canned goods.

In addition, both Australia and New Zealand have undertaken a large-scale expansion of farm production in order to grow more of the foods that U. S. troops need. They are also expanding their food-processing industry so as to be able to provide more canned and dehydrated food rations for our American forces in the Solomons, New Guinea, New Caledonia, and the New Hebrides.

Australia has already furnished U. S. forces such quantities as 26,000,000 pounds of beef, veal, lamb, mutton, and pork, 20,000,000 pounds of potatoes, 25,000,000 pounds of other fruits, and almost 5,500,000 quarts of milk.

New Zealand, a country with fewer than 2,000,000 people, has provided another 16,000,000 pounds of beef, mutton, and pork, almost 1,500,000 dozen eggs, more than 2,000,000 pounds of butter, and 3,000,000 pounds of sugar.

Both Australia and New Zealand have devoted a large part of their construction industry to building airfields, barracks, depots, repair plants, roads, and many other army and navy facilities for our forces. All camp accommodations, supplies, and services that can be obtained in the two countries are furnished as reciprocal aid.

Port and loading charges and repairs and supplies for U. S. ships are handled in the same way. In addition, many small vessels of the coastal type have been made available, and there is a building program under way for the construction of lighters, barges, and tugs for the U. S. forces.

Australia is also furnishing some munitions for our troops under reciprocal aid and has converted a part of its munitions production facilities to the manufacture of American types and calibres of arms. In addition, uniforms and other clothing supplies for American troops are being made in Australian mills and provided without dollar payment on our part.

New Zealand is also furnishing blankets and clothing for American forces and has a program in progress for the manufacture of 400,000 pairs of army shoes. In addition to building naval and air-base facilities, barracks, and depots, New Zealand has built two large new hospitals for U. S. troops and has diverted so many medical supplies to the use of our troops in the Solomons area that for a time such common items as gauze bandages and surgical cotton were virtually unobtainable for civilian use in New Zealand.

Guatemala

Tariffs and Trade Controls

Imports of Vegetable Lard from Honduras Exempted From Differential Customs Surcharges.—The customs surcharge of 100 percent applicable to vegetable lard and fats originating in or proceeding from Honduras has been removed for the period of the present world conflict, in accordance with provisions of Guatemalan customs circular No. 574 of January 29, 1943. This action was taken because of the difficulty of obtaining shipments of vegetable lard from other countries owing to circumstances arising out of the war.

[For announcement of the application of the differential (double) customs surcharge, see COMMERCE REPORTS of February 16, 1935.]

Honduras

Economic Conditions

Economic activities in Honduras continued at a low ebb during October and November 1942. Shipping and overland transportation difficulties restricted imports and exports and resulted in continued unemployment, low purchasing power of the general public, small government receipts, and a slow-down in business generally.

Exports of bananas during October were far below normal, while total exports and imports in November were less than 40 percent of the total during the same month in 1941.

Lack of petroleum and shortage of tires seriously reduced trucking operations throughout the country, causing considerable congestion in the warehouses at Puerto Cortes and Potrerillos, and some food shortages in towns in southern Honduras. While some petroleum was available in November, consumption was still less than half that of November 1941, and the shortage of tires continued to be acute.

Banking activities, which have shown a steep decline for 6 months, experienced a slight upward trend in October, except in the interior of the country. The payment of salaries to Government employees in November was expected to cause some improvement in conditions. On the north coast, where shipping picked up somewhat, conditions were slightly better, and the unemployment situation was helped by work on the Potrerillos-Tegucigalpa highway.

BANANA INDUSTRY

In the banana-producing region of La Ceiba, employment declined slightly in October, even though some bananas were exported. November exports from this region increased. It appears likely that production and exportation of bananas from the La Ceiba area will be curtailed, because some independent growers have discontinued planting new trees.

In Social-Minded Chile

A notable recent step in social legislation in Chile has been the abolition of private pawnshops, and in their place the creation of a huge Government pawnshop in which money may be raised at fair rates of interest and under governmental supervision. Here care is exercised that the poor cannot pawn the very means of their existence. No woman, for instance, is permitted to pawn her sewing machine without previous attestation from a social worker.

Child welfare, child health, measures to reduce infant mortality, measures to cope in an advanced and enlighted way with the pressing problems of juvenile delinquency, measures to protect women in industry—and particularly to protect their jobs and their health during childbirth—all these are provided for in the country's new social legislation and the activities of the modern Ministries of Education and Agriculture. They explain the fact of Chile's having the first school of social work in Latin America.

It would be impossible [in brief space] to enumerate all the constructive social steps that have been taken by the Chilean Government in recent years, in order, as President Aguirre Cerda said in his message of May 1940, "to find and bring about an economic and social equation that will afford greater justice for the unprotected, so that we may achieve harmony between the different levels of society, all of which have equal rights in this our common country."

(From "Chile: Land of Progress," by Earl Parker Hanson. Publishers: Reynal & Hitchcock, New York City. The reader is referred also to the feature article on Social Security in Chile, published in the February 6 issue of Foreign Commerce Weekly.)

In the Puerto Cortes area, small shipments were made through the two ports of Puerto Cortes and Tela, and apparently fruit producers are shipping sufficient quantities of bananas to maintain expenses and to keep labor forces relatively intact. No farms in this area have been abandoned as yet. Despite curtailment of operations in the Puerto Cortes region during 1942, the piece-rate wage of cutters has decreased on an average of only 40 percent, partially because clean-up operations on the farms must be carried on continuously.

Coffee and Other Products

Coffee continued to be shipped from Puerto Cortes during November, but represented the carry-over from 1941.

There were no exports of copra from La Ceiba.

The 1942 rice crop was considerably above normal, and it is estimated that there will be some exportable surplus. Local rice producers in the Puerto Cortes and La Ceiba areas state that two crops per year normally can be produced.

In the San Pedro Sula region, where the Government has encouraged farmers to double production during the war, a good second corn crop was produced in 1942.

The foreign markets for Honduran citrus fruits have been almost entirely cut off by the war.

Business Conditions

While business in general was slower than usual, a slight improvement in shipping on the north coast caused some optimism among businessmen in that region. The beginning of irrigation activities in January by the fruit companies and the projected abaca planting offered some hope of improved conditions in 1943.

Imports of Mexican goods while still small are increasing slowly, because of shipping difficulties and high insurance costs involved in obtaining goods from the United States. Even with the opening of the proposed Pan American Highway, no great improvement is expected in imports, because of the shortages of gasoline and tires. An increase in air-travel rates by the Taca Air Lines, necessitated by heavier operating costs, has further aggravated the transportation situation.

Labor and Employment

Employment in the La Ceiba area remained fairly constant on the banana plantations, with a slight reduction in total payment of wages. In the port of La Ceiba the arrival of several ships offered some employment for wharf workers.

In the Puerto Cortes district there was no further reduction during November in the number of partially employed laborers on the plantations; during the preceding 5 months there had been a decrease of 3,000 workmen in this area.

During the period from July to September 1942 the labor force on one company's plantations in the Coyoles district was cut from 4,000 to 2,000 men. Fruit producers encouraged the discharged workers to leave the plantations, and most of them went into the interior where self-support is less difficult at present.

Rationing and Price Control

Rationing of gasoline on the north coast, which had been suspended because no gasoline was available, was resumed in November. Even with some gasoline available, however, consumption of petroleum products during November was reduced very substantially.

The city of San Pedro Sula is again trying to enforce price control. The laws limit profits to 20 percent, but the control measures reportedly are evaded by excessive rehandling. It is believed that only by enacting national legislation providing penalties for excessive handling can price control be administered successfully.

Tariffs and Trade Controls

Exportation and Reexportation of Goods Prohibited, with Some Exceptions.—The reexportation of nationalized goods, and the exportation of natural products except under prior permit from the Ministry, have been prohibited by a resolution of January 26, 1943, of the Honduran Ministry of Finance, to be effective from February 15, 1943, and to remain in force until 6 months after the termination of the war. Excepted from the prohibition, in the case of nationalized goods, are materials of strategic value and articles manufactured from imported materials for use in the war industries, which may be exported without restriction to the United States and to England.

In the case of natural products, exception is made for the exportation of rubber consigned to the Rubber Reserve Co. of the United States, under contract with the Honduran Government, as well as lumber and materials used in the war industries and manufactured or semimanufactured articles using these materials, which are exported to the United States and to England.

India

Transport and Communication

Telephone and Telegraph Developments.—Work has started on an extensive program for the development of India's telephone and telegraph systems, the British press reports. The project will involve the erection of more than 100,000 miles of wire and will cost approximately 8 crores of rupees (about $24,000,000).

Iraq

Exchange and Finance

Government Revenue and Expenditures Larger.—Returns of the first quarter (April to June) of the Government's 1942–43 fiscal year show that ordinary receipts totaled 1,924,000 dinars, compared with 1,002,000 for the same period of the preceding year. Ordinary expenditures totaled 2,165,000 and 1,547,000 dinars, respectively.

Nearly every item of ordinary receipts approximately doubled. The principal items of revenue are assessed on an advalorem basis and collections were greater as a result of inflation. Wholesale prices increased 230 percent between April 1941 and April 1942.

Expenditures of some government departments remained constant or

changed little; a few decreased, and expenditures of some others increased considerably. The Department of Customs and Excise increased expenditures from 32,418 to 242,855 dinars and expenditures of the Iraq Police increased from 191,000 to 257,000 dinars. These increases were the result of efforts to prevent smuggling. Expenditures of the Ministry of Social Affairs advanced from 25,366 to 175,234 dinars and expenditures of the Ministry of Defense from 602,035 to 644,467 dinars. Equipment and supplies for the Army in recent years have been included in the capital-works budget mentioned below.

Budget estimates for the entire year 1942–43 contemplated ordinary receipts of 6,458,000 dinars, compared with actual receipts for the preceding year of 6,706,000; ordinary expenditures of 7,628,000, compared with 7,533,000.

A feature of Iraq finances is the device of a double budget, ordinary and capital-works, the latter being financed by royalties from the oil companies. It was decided by the Iraq Government that these royalties would be used for internal improvements, and a schedule of irrigation works, roads, bridges, buildings, and similar construction was set up in a series of capital-works budgets. The capital-works budget for 1942–43 included provisions for revenue of 2,524,000 dinars and for expenditures of 1,032,000 dinars, including an item of 350,000 dinars for military buildings and equipment. Revenues for the first quarter were 407,000 dinars, and expenditures were 101,000 dinars. Revenues of the capital-works budget have been diverted in recent years to offsetting the ordinary-budget deficit, and it seems that this practice is again being followed in the current year.

Mexico

Wartime Commodity Controls

Beef Cattle Viscera Placed Under Government Control in Federal District.—Viscera of beef cattle slaughtered in the markets of the Federal District of Mexico were placed under strict Government control by an executive decree, published January 27, 1943, and effective the following day.

Under the terms of the decree, the Ministry of National Economy will supervise delivery of these products daily to an organization established for the purpose, known as "Detallistas de Visceras y Similares del Distrito Federal," which will pay for them in cash and at the official ceiling prices established by a decree of November 16, 1942, in order that they may be retailed at fixed prices.

The maximum wholesale and retail prices are as follows:

	Pesos per kilogram
Viscera (wholesale)	0.075
Viscera (retail):	
Boiled tongue	2.20
Skull tissue	2.00
Liver	1.35
Sweetbreads	1.35
Large intestine (tripe)	1.10
Brain	.90
Heart	.90
Lungs and throat	.90
Cola	0.90
Throat piece	.80
Kidney tallow	.80
Gut tallow	.80
Tripe tallow	.55
Small intestine (tripe)	.55
Feet	.50

The "Detallistas de Visceras y Similares del Distrito Federal" will furnish bond in an amount fixed by the Ministry of National Economy to guarantee that the distribution and retail sale of viscera shall be carried out in accordance with official regulations and prices. "Frozen" viscera are for consumption by the population of the Federal District—particularly by the poorer classes, whose diet is largely dependent on this product.

[For previous announcement of decree authorizing the fixing of the wholesale price of viscera, see FOREIGN COMMERCE WEEKLY of January 2, 1943.]

Tariffs and Trade Controls

Trade Agreement Duty-Reductions to United States Generalized to All Countries.—Mexico has granted to all countries the duty-reductions accorded to the United States in the recent trade agreement by incorporating them in the general import tariff, and, in addition, has reduced the import duty on hydrogenated vegetable fats and has revoked the limitation on the quantity of motion-picture films without sound impression which may enter at the lower rate of duty, under provisions of a presidential decree, published February 1, but effective from January 30, 1943, the date on which the trade agreement entered into force.

The new rate of duty on hydrogenated vegetable fats is 0.35 peso per gross kilogram, reduced from 0.45 peso, and, without quantity limitation, motion-picture films measuring more than 20 millimeters in width, without sound impression, will hereafter be dutiable at 10 pesos per legal kilogram, instead of at 10, 15, and 18 pesos per legal kilogram, depending upon the amount imported in any one year, as heretofore.

The decree also incorporates into the general import tariff the provisions of the trade-agreement notes applying to pharmaceutical specialties, to the temporary free entry of motion-picture films for preliminary showing and censorship, and to the inclusion of a spare wheel and rim but without tire in the regular equipment of an automobile.

[For announcement of the duty-reductions accorded in the new trade agreement between the United States and Mexico, see the special article beginning on page 3 of FOREIGN COMMERCE WEEKLY of January 16, 1943.]

Electrolytic Zinc Made Subject to Import Duty, Except Under Specified Conditions.—Imports of electrolytic zinc into Mexico have been made subject to import duty at the rate of 3 centavos per gross kilogram, unless importers prove that the zinc imported is the product of the mines of Mexico, by a Mexican presidential decree, published January 28, 1943, and effective 5 days thereafter. When this condition is proved to the satisfaction of the Ministry of Finance, the zinc is permitted duty-free importation.

Payment of Subsidy Authorized on Exports of Bananas.—A subsidy equivalent to 98 percent of the export duty will be paid on the exportation of bananas from Mexico to producer-groups which have adjusted themselves to specific conditions to be established under authorization from the Ministry of National Economy, and which were legally established prior to the date of the Order, under provisions of a Mexican Executive Order, promulgated February 2, 1943.

Effective 10 days after publication on January 22, 1943, bananas have been made subject to sliding-scale export duties ranging from 2.50 to 57 pesos per 100 gross kilograms, depending on foreign-market prices averaged over the previous 3 months.

[For announcement of the new scale of export duties on bananas, see FOREIGN COMMERCE WEEKLY of February 20, 1943.]

South-Sea Santa Solves "Shell Money" Crisis

The solution to the economic woes of a Netherlands Indies district still under Dutch control was found in the toy section of a department store at Melbourne, Australia.

To the Indonesian natives of a certain remote Dutch outpost gold and silver have no value, the accepted money long having been beautifully colored seashells formerly brought long distances over dangerously precipitous mountain trails. As the shells are fragile, the money supply naturally must be renewed from time to time. However, the shores where these particular shells can be found were in Japanese hands. As a result, deflation threatened the district with disruption of the entire economic system because of the acute shortage of "money."

Finally, in despair, Dutch officials administering the district delegated an officer to Australia in an effort to solve the problem. The Netherlands East Indies Commission there sent men to comb the Australian beaches, but without success. Then one day an official joyfully burst into the offices of the Commission shouting: "No more deflation. *I've found money.*"

He led the astonished Dutch officials to Melbourne's leading department store where the shiny shells sold as toys for Australian children. The Netherlands administrator returned to his district bearing bag after bag of the shiny shells, restoring happiness and prosperity to the people.

Wonder How They'd React to "Tattle-Tale Gray"!

One or two stories that have just reached the office of FOREIGN COMMERCE WEEKLY seem faintly reminiscent of the genial nature-faking yarns that used to emanate regularly from Winsted, Conn.

For instance, there's the story about the recent experiments carried out in Italy, an important silk-producing country—tests showing that silkworms have a pronounced preference for *violet* light. Silkworms exposed to violet illumination in the incubation chambers just tear around and work their heads off producing the best quality of silk—whereas, on the other hand, if exposed to *red* light they may be said, figuratively speaking, to lean on their shovels and loaf.

The amount of energy that the worms display varies directly—so the story goes—with the color of the light, from zero under red right up to an "all-out" effort under violet.

What the silkworms would do if they were exposed to the "blues" now prevailing in Mussolini's chambers, deponent sayeth not.

Transport and Communication

Railway Rehabilitation Plans.—Completion of railroad construction under way in Mexico, the purchase of equipment and supplies, new construction, as well as other necessary expenses, are apparently assured by the recent issuance of railroad bonds of the United Mexican States, 1943, up to the amount of 25,000,000 pesos.

The rehabilitation will affect the following lines: the main line extending south from the United States border at Laredo, Texas, via Monterrey-Saltillo-San Luis Potosi to Mexico; the east-west line from Torreon via Paredon to Monterrey; the main line southward from Cordoba and Puerto Mexico via Jesus Carranza and Ixtepec through Suchiate on the Guatemalan border; and the line from Chihuahua to Torreon.

Netherlands West Indies

Exchange and Finance

Financial Conditions in Aruba in 1942.—During 1942 the two banks located in Aruba, the Hollandsche Bank—Unie N. V. and the Aruba Bank, enjoyed a prosperous period. Deposits increased considerably as a result of the larger pay rolls of the local refinery and the greater use of the banks as depositories by members of the United States armed forces.

The outstanding financial development in the year was the promulgation on November 21, 1942, of a decree prohibiting the use of United States paper currency as a medium of exchange. The decree provided that all such money had to be deposited with one of the local banks on or before December 31, 1942. It is now unlawful to hold or use United States currency on the island.

Newfoundland

Transport and Communication

Train Service Reduced.—Because of difficulties encountered in connection with ferry service between Cabot Strait and the Newfoundland mainland, the number of trains making the trip across the island was reduced from three to two weekly in each direction. Only one vessel capable of navigating in winter ice conditions is now available for use on this run.

Nicaragua

Economic Conditions

A number of factors are seriously affecting the present-day economy of Nicaragua. There has been a general decline in export and import trade resulting from a shortage of shipping facilities, with serious losses in customs revenues. The current coffee crop was damaged by heavy December rains, and there were labor shortages in many areas. The cost of living, especially of food stuffs, has increased, and merchandise stocks have been depleted, creating the need to replenish them at higher price levels. Activity on the Inter-American Highway, however, continued to increase.

Imported stocks of materials and supplies for the gold mines are decreasing to a point where further reduced operations may become necessary. If required materials are not received soon the production of several mines is expected to be discontinued.

Except for the continued increase in currency in circulation, the financial situation recorded no great change during the latter part of 1942.

AGRICULTURE

The current coffee crop is not expected to be as good as previously estimated. Although the peak of the picking season is past, no accurate estimate of the size of the 1942–43 coffee crop is available. It is believed by some that the crop will not exceed Nicaragua's quota to the United States, while others are of the opinion that the current crop will not exceed 200,000 bags of 60 kilograms each. Some concern is evidenced over reports that coffee importers in the United States will not purchase coffee for future shipments unless they are assured of obtaining import licenses when needed. This may disrupt the Nicaraguan market.

The sesame crop is estimated at 100,000 quintals (1quintal=100 pounds). Most of that amount has been made ready for shipment, but a portion will be held in Nicaragua for the manufacture of sesame oil to supplement locally produced lard.

The harvesting of rice was begun in the latter part of 1942 and it is reportedly a large crop.

The cotton crop is estimated at about 30,000 quintals, most of which has been picked.

An experimental planting, under irrigation, of roselle seed has been made, and the possibilities of producing roselle fibers is being investigated.

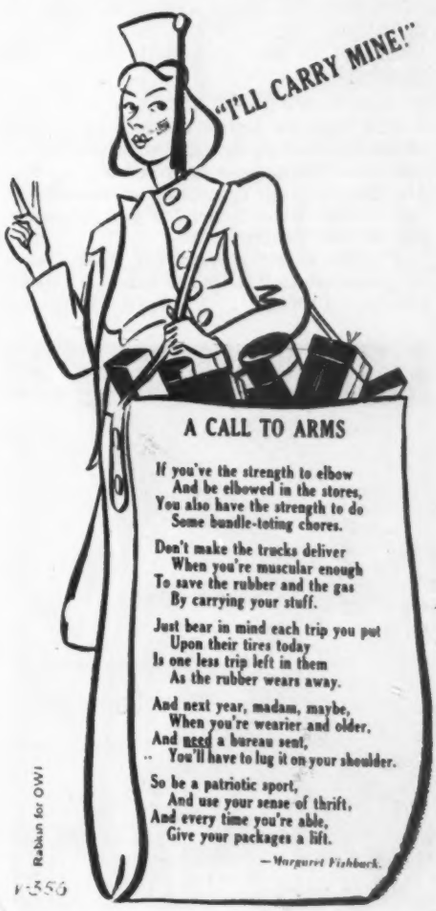
The amount of crude rubber exported during 1942 exceeded estimates, and it is believed that production will continue to increase.

INDUSTRIAL ACTIVITY

Industrial production showed very little change in the latter part of 1942. The manufacture of serums for cattle was begun on a very small scale, and a new leather-tanning project was being developed, with sole leather and belting already available.

MINING AND CONSTRUCTION

It is expected that an all-time high will be reached in the revenues obtained by the Government from the gold mines for the year 1942. Exports of both gold and silver for the month of December increased considerably over those of the preceding month. The lack of many necessary materials (iron and steel, rubber,


"I'LL CARRY MINE!"
A CALL TO ARMS
If you've the strength to elbow
And be elbowed in the stores,
You also have the strength to do
Some bundle-toting chores.
Don't make the trucks deliver
When you're muscular enough
To save the rubber and the gas
By carrying your stuff.
Just bear in mind each trip you put
Upon their tires today
Is one less trip left in them
As the rubber wears away.
And next year, madam, maybe,
When you're wearier and older,
And need a bureau sent,
You'll have to lug it on your shoulder.
So be a patriotic sport,
And use your sense of thrift,
And every time you're able,
Give your packages a lift.
—Margaret Fishback.
Rabkin for OWI
V-356

and chemical products) has forced the mines to work high-grade ore reserves, in order to conserve vital supplies.

Construction on the Inter-American Highway increased, though only a part of the necessary machinery had arrived. Additional customs storage space is being built at El Bluff (Bluefields), and the construction of a custom house at Masachapa is contemplated. This port will be used to receive materials, especially Diesel oil, for the new cement plant, and as a port of export for cement.

Foreign Trade

The volume of exports from Nicaragua during November showed a very marked decrease, compared with November 1941. Imports during November also showed a substantial decrease, despite the arrival of considerable amount of merchandise at the Atlantic coast port of El Bluff, some of which was destined for western Nicaragua.

The stock position of flour was improved by the arrival of a large shipment about the middle of the month. Nicaragua is completely dependent on imports for flour.

Employment

There was a temporary labor shortage during the present coffee season, created principally by increased activity in the harvesting of sesame seed, rice, cotton, sugarcane, rubber procurement, lumber operations, and highway construction. Harvesters of sesame seed receive appreciably better wages than those paid to coffee pickers. Since a considerable part of the rice crop is on the east coast, employment in that area may temporarily improve.

Cost of Living

The cost of living during December increased slightly in comparison with November. Rents are increasing rapidly, and the shortage of houses for persons in the higher-income groups is approaching serious proportions.

The increased demand for fresh fruits and vegetables has forced prices of these products upward.

Panama

Exchange and Finance

Revenues and Expenditures in 1942.—Revenues and expenditures of the Panama national government in 1942 were $22,310,000 and $21,347,000, respectively. The two chief sources of revenue were the customs and excise taxes, these two producing about two-thirds of the total. Of the expenditures, roughtly 89 percent represented ordinary government expenses, reflecting the expansion of governmental services and salary increases granted to government employees. The Ministry of Public Health particularly showed a considerable rise in expenditures, attributable in part to the road-building and repair program. The service of the public debt accounted for about 11 percent of the total outlay; the foreign-debt service took about $1,260,000 and the internal approximately $1,093,000. The rather large disbursements for internal-debt service reflected the operations resulting in the complete retirement of the internal obligations during the year. Of the disbursements for foreign-debt service, $395,000 was for amortization, $843,000 for interest, and $22,000 for other charges.

Paraguay

Tariffs and Trade Controls

Medicinals: Committee to Fix Prices Established.—A committee charged with the fixing of the wholesale and retail prices at which medicines, drugs, and pharmaceutical specialties may be sold, was established in Paraguay by decree No. 16,732 of January 25, 1943. The Committee, which shall be responsible to the Ministry of Public Health, is to be composed of the following members: The Director of the Department of Hygiene; the Inspector of Pharmacies; two representatives from the Ministry of Agriculture, Commerce and Industries (one accountant and one pharmacist); a representative of the Paraguayan College of Chemical Pharmacy; and a representative of the importers of pharmaceutical products.

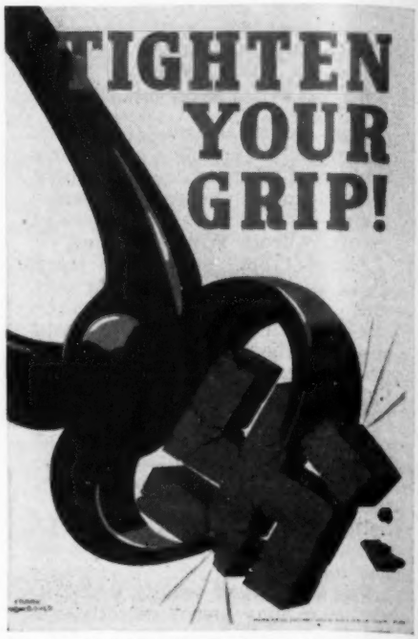
Wheat Flour: Required Mixture with Domestic Product Cancelled.—The required admixture of corn or other nationally produced flour with imported wheat flour was cancelled by Paraguayan executive order No. 123 of January 12, 1943. This order rescinds decree No. 12,245 of April 25, 1942.

[For announcement of the mixed flour requirement, see Foreign Commerce Weekly of May 30, 1942.]

Tariffs and Trade Controls

Tourists' Automobiles: Temporary Importation Period Extended.—The period of time during which tourists' automobiles may remain in Paraguay has been extended to 360 days by decree No. 16,200 of December 28, 1942, which gives official recognition to the "Libreta de Paso por Aduana" issued by member institutions of countries belonging to the Inter-American Federation of Automobile Clubs.

[For announcement of previous curtailment of the period of temporary importation of automobiles, see Foreign Commerce Weekly of April 19, 1941.]



Courtesy Office of War Information

Sweden

Transport and Communication

New Electric Train Service.—Electric trains are now operating between Sundsvall and Ange, Sweden, a distance of some 60 miles, states the British press. The Swedish State Railways, of which this line is a section, is reported to operate the longest continuous electric railway line in the world.

Switzerland

Transport and Communication

New Telephone Exchange in Zurich.—A new telephone exchange is to be erected in the Zurich area in Switzerland, to take care of growing demands for telephone service, says the foreign press. The exchange initially will be equipped to accommodate 6,000 subscribers but will have a potential capacity of 20,000 lines.

United Kingdom

Wartime Commodity Controls

Sales of War-Damaged Goods.—The British Board of Trade has announced

that starting February 1 stocks of rationed goods which have been damaged, but not destroyed, by enemy action may be sold for a reduced number of coupons, the reduction in the coupon value being proportionate to the assesed reduction in the money value. This concession applies only where goods are sold at retail within 6 months by the retailer in whose possesion they were at the time of the damage.

Allocation of Small Retailers' Supplies.—The Board of Trade has announced the inauguration of schemes to insure that small retailers in the United Kingdom receive a fair share of available supplies of clothing, pottery, and hollow ware. In general, the three schemes, which became effective on January 1, 1943, provide that small retailers of the goods in question shall receive as a minimum a definite percentage in terms of value of goods they bought from each of their suppliers in a standard year. For the clothing scheme a small retailer is defined as one whose total turn-over was not more than £5,000 in the standard year 1939. For pottery and hollow ware the maximum turn-over figures are £3,000 and £2,500, respectively, and the standard years, June 1, 1939, to May 31, 1940, for pottery and December 1, 1940, to November 30, 1941, for hollow ware.

The clothing and pottery schemes are on a quarterly basis and the hollow-ware scheme is regulated in periods of 4 months. Percentage allocations will be subject to revision at the end of these periods, according to available supplies.

The small retailers' quotas of goods will also be modified to accord with recent movements of population. Quotas will also vary for each of the three classes of goods. The small retailer who may have to close his business will be permitted to sell his quotas to another small retailer in the same district. The sale will be subject to the approval of the appropriate trade committee and sales will not be permitted to the large retailers.

Although these new distribution schemes are on a voluntary basis, the Government has indicated that it will make them compulsory if that is found necessary.

Uruguay

Tariffs and Trade Controls

Lumber of all Kinds Declared Prime Necessity.—Lumber of all kinds has been added to the list of prime necessities, the use and sale of which in Uruguay are controlled by law No. 10075 of October 23, 1941, according to a decree dated October 23, 1942 and published in the Diario Oficial of November 3.

Sugar: Price Fixed for Imports from Brazil.—The Uruguayan Office of Export and Import Control has fixed a price to dealers of 17.40 pesos per 100 kilograms, c. i. f. Montevideo, for the 40,000 sacks of sugar imported by the Bank of the Republic under the agreement reached with the Alcohol and Sugar Institute of Brazil on November 28, 1942, according to a decree of January 22, 1943, published in the Diario Oficial of January 28.

[For announcement of the authorization to import sugar from Brazil, see FOREIGN COMMERCE WEEKLY of January 2, 1943.]

Corn and Oil Cake: Import Quota Opened.—A quota for the importation of 3,000 tons of oil cake (peanut, sunflower, and linseed), and 5,000 tons of corn for consumption, to enter Uruguay exclusively by the ports on the River Uruguay, was announced by the Uruguayan Office of Export and Import Control on January 22, 1943.

Linseed: Guaranteed Minimum Price Established.—The guaranteed minimum price for the present crop of Uruguayan linseed, on the dockside at Montevideo, is set at 8 pesos per 100 kilograms by a decree dated January 20, 1943, published in the Diario Oficial of January 29. Exchange derived from linseed exports will be liquidated 50 percent at the controlled rate and 50 percent at the free rate of exchange, but the Bank of the Republic is empowered to modify this arrangement.

Transport and Communication

Highway Progress.—Uruguay has appropriated 2,070,069 pesos for highway maintenance for 1943, including 116,069 pesos for machinery maintenance and 24,000 pesos for planting trees along the highways. This is almost nine times the maintenance expenditures during 1942, of 224,266 pesos.

Cement is produced in sufficient quantities locally for highways and bridge construction; raw materials for the construction of macadam roads is imported, and all machinery is from the United States.

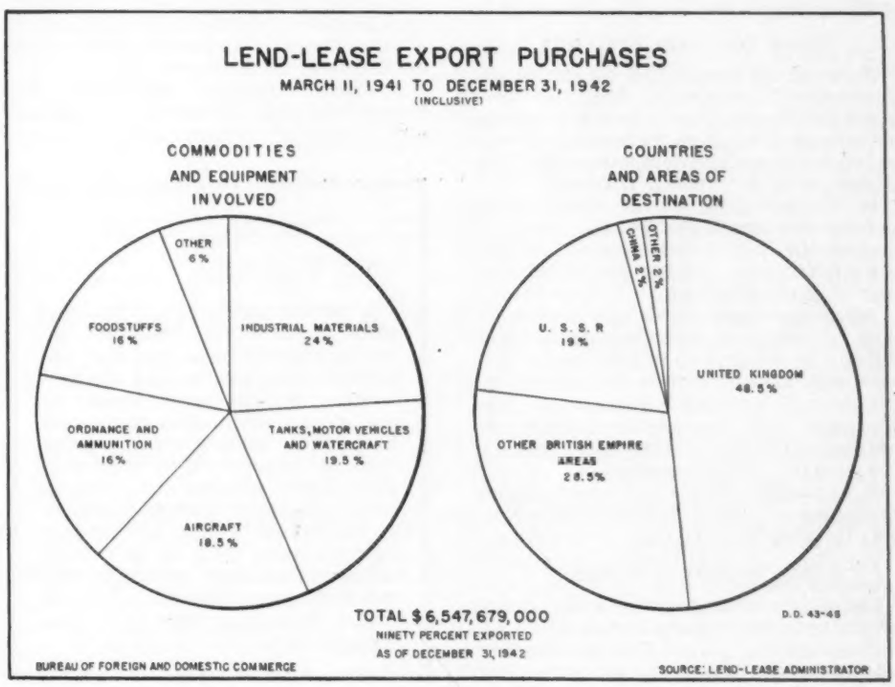
There are 2,611 miles of roads in Uruguay. All main highways are two-way arteries, either 5.5 or 6 meters in width; road beds are 8.5 or 9 meters in width. Mileage by construction types include: 311 unimproved earth and nonsurfaced road miles traversable only in dry weather; 1,499 of improved earth, sand, clay, gravel, or soft crushed stone; 851 macadam, bituminous concrete and asphalt, cement concrete, or block stone. These latter are "all-weather" highways.

The Pan American Highway in Uruguay (Route No. 8) is completed between Montevideo and Treinta y Tres, and between Melo and Acegua on the border of Brazil. The portion between Treinty y Tres and Melo, now under construction, is expected to be opened in 1944. When completed, this highway will provide the first improved route to Brazil where it will connect with a crushed stone roadbed connecting with Porto Alegre. The Pan American Highway is also connected with the coastal road by the road from Velazquez to Rocha, which is now under reconstruction.

Cotton Production in Philippine Islands

If Japanese plans materialize, cotton production in the Philippine Islands is to be greatly increased, chiefly at the expense of sugar and other food crops. An Axis newspaper reports that eight important Japanese cotton-purchasing concerns are buying up raw cotton in all sections of the Islands.

The Japanese 5-year plan calls for ultimate planting of 445,000 chobus of cotton (1 chobu=approximately 2.46 acres), with a total production of 1,500,000 piculs per year. (1 picul=about 60 kilograms.)



News by COMMODITIES

Chemicals

Bulgaria Obtains Fertilizers From Germany

An order for 3,000,000 kilograms of commercial fertilizers, placed in Germany by the Bulgarian Government, has been delivered, according to the Axis press.

To encourage farmers to begin utilizing commercial fertilizer, the Government has approved the payment of a premium of 1 lev per kilogram of commercial fertilizer used.

Canada's Industrial-Alcohol Production

The Canadian Industrial Alcohol Co. Ltd. is now operating its Corbyville plant at full capacity, producing industrial alcohol from wheat, says the foreign press. The manufacture of spirits for beverage purposes has stopped entirely under the new regulations.

A substandard flour, instead of wheat, is being used by Commercial Alcohols, Ltd., for making industrial alcohol. Under this process, the preextraction of husks and other cattle food content is possible, and a byproduct, useful in the manufacture of insulating material, is also obtained.

Bauxite Used by Cuba's Sugar Factories

Granulated bauxite or bauxite sand was used by several sugar factories in Cuba during the last crop year for the decolorization of their liquors, according to a recent technical publication. This material was used instead of activated carbon, it is stated.

Eire's Fertilizer Prospects

To meet the demand for fertilizers, an emergency compound fertilizer was placed on the market in Eire in 1942, but sales were limited to 25 percent of the superphosphate and compound-fertilizer purchases of farmers in 1940–41.

A limited quantity of muriate of potash was available for flax growers during the year. A byproduct of the cement factories, potash lime dust, also was used for fertilizer.

Since the outbreak of the war, supplies of chemical fertilizers have been difficult to obtain, and in 1942 the farmer was able to secure only a fraction of the normal amount. Because of this shortage, with the resulting drain on natural soil fertility, a steady decrease in the yield per acre is expected.

It is possible, however, reports state, that some imports of fertilizers into Eire may be made in 1943.

New Industries in Eire

Conditions caused by the war created several new industries in Eire in 1942 and revived others. The Emergency Research Bureau was responsible for the operation of some of them, states the Eire press.

Through the efforts of the Bureau, formalin has been made in Eire during the past year, and the production of glycerin, to meet essential requirements, also was undertaken.

A special plant was set up to produce carbon dioxide gas from brewery vats, a project which operated quite successfully. Another plant has been manufacturing zinc oxide during the past year. This product was formerly imported and has been practically unobtainable from foreign sources.

Iodine-Recovery Experiments in Germany

Experiments on the recovery of halogen from flue dust have been conducted at the Heinrich Bierwes plant of the Mannesmann Tube Works, according to the British press. The halogen is obtained from blast furnaces by electrostatic precipitation.

Iodine is contained in the flue dust in amounts varying from 0.001 to 0.2 percent and tests have shown that between 80 and 90 percent of the iodine can be recovered.

It is not stated whether the process is being carried out on a manufacturing scale.

Germany and Hungary Conduct Trade Negotiations

German firms have shown considerable interest in Hungarian chemical concerns recently, and trade negotiations are being conducted with industrial organizations in Hungary by a committee of the German Industrial Federation, according to the European press.

A special chemical commission has been attached to the German committee and a similar organization has been formed on the Hungarian side. The two chemical commissions have elected a director of I. G. Farbenindustrie A. G. as joint chairman.

South African Alkali, Ltd. Shows Lower Production

Lower production, mostly due to less rainfall, is shown in all departments by South African Alkali, Ltd. for the year ended June 30, 1942, the British press reports.

Brine pumped amounted to 13,586,400 gallons, compared with 14,130,000 for the preceding year. The brine refrigerated totaled 5,844,000 gallons, against 5,970,000 for the preceding 12 months.

The output of soda ash was 2,390 tons, compared with 2,635 for the previous year; salt production amounted to 3,465 tons, against 3,810.

Net profits of the company, however, showed an increase.

Soda ash production for the third quarter of 1942 is reported as 520 tons by South African Alkali, Ltd., a drop of 35 tons from the preceding quarter, says the trade press.

Output of salt was 740 tons during the period April to June 1942 and 820 tons for the July–September quarter.

New Chrome Chemical Plant Completed in South Africa

The new plant of Marble, Lime & Associated Industries, Ltd. for the manufacture of chrome chemicals in South Africa has been completed, according to the company's annual report.

Since the capacity of the new factory now exceeds domestic requirements, an export trade has been started.

New Benzol-Recovery Regulations in United Kingdom

Coke producers in the United Kingdom are now required to have all gas produced by the carbonization of coal treated for the recovery of benzol, says the British press.

Regulations require that the method must extract to the capacity of the plant the crude benzol in the gas in order that the maximum yield of toluene may be obtained.

"Backward, Turn Backward . . ."

A correspondent of the Austrian daily Neues Wiener Tageblatt recently described the results of the leather shortage in the Netherlands: "Wooden shoes clatter in the streets again as if the people have gone back several generations in history. It is a strange sight when wooden soles appear under perfectly creased trousers. As things are, creases and modern women's hats tend to be driven out by old national costumes. Full trousers, blue-white jerkins, red shawls, thick caps, wide skirts, and graceful pinafores reappear."

Coal and Coke

Germany's Coal Shipments to Sweden

Through July, Sweden received from Germany only 1,500,000 tons of coal and coke, 500,000 tons less than in the corresponding period of 1941. These shipments were considerably below the quantities stipulated in the German-Swedish agreement for 1942, which called for 4,000,000 tons of coal, 1,700,000 tons of coke, as well as arrears from 1941 amounting to 1,700,000 tons.

In the latter part of August and in September deliveries improved, and if they were maintained at 500,000 tons a month, should have amounted to 4,000,000 tons for the year. Advices have not been received stating whether or not the schedule was met.

Construction

Port Construction, Angola, Portuguese Africa

Construction of a quay and sea wall at Loanda port, Angola, Portuguese Africa, is making headway; the cost will be approximately £500,000 sterling, states the British press.

The port of Loanda drains the rich coffee, rubber, sugar, and vegetable-oil area. Warehouses, silos, electric cranes, and other facilities are to be constructed, and are scheduled for completion in the latter part of 1944.

The quay is to be 300 meters in length and 160 meters in width and at least five large oceangoing vessels may be berthed. A further 100 meters will provide for coastal vessels.

A sea wall, 1,715 meters in length, is planned. This work will require some 150,000 cubic meters of stone, 60,000 cubic meters of concrete in blocks for all foundations and superstructures, 40,000 slabs for the slopes of the sea wall, and approximately 6,000 meters of concrete tubing for sewerage.

Highway Construction in Haiti

Expenditures for construction of roads in Haiti during the fiscal year 1941–42 totaled 129,766 gourdes ($25,953). Expenditures for maintenance for the same period were 496,323 gourdes ($99,265).

In the Republic of Haiti there are 2,937 kilometers of improved earth, sand-clay, gravel, and macadam highways, and 43,985 kilometers of unimproved earth and nonsurfaced roads. All road-building material is imported and practically no new consctruction is contemplated for 1942–43, it is reported.

Haiti is a relatively primitive country; travel is principally by foot and goods are transported mainly by men and by donkeys. Only one public-carrier railway operates in the Republic, the National Railroad, which runs between Port-au-Prince and Verrettes via St. Marc.

Two Airfields To Be Constructed in Norway

Construction of a large airfield at Trondheim, Norway, and the expropriation of land by the Germans at Kristianholme for the construction of an airport for Bergen, is reported by the European press.

1942 Building Permits Declined in Panama

In the two principal urban areas of Panama, Colon, and Panama City, the value of building permits issued in 1942 was $3,150,000, slightly less than the 1941 value of $3,534,000. Shortage of construction material is responsible for the decline.

Brazil's Orange-Oil Industry

The American Brazilian Association calls attention to the development of the orange-oil industry in the State of São Paulo, Brazil. With the outbreak of the present war, Brazilian orange growers found themselves faced with a crisis due to the fact that oranges could no longer be shipped to England, one of the country's best orange buyers.

Plans were made to start factories in São Paulo for the manufacture of orange oil from the excess fruit, and by the end of 1942 there were 144 such plants in operation, and 150 tons of this product had been shipped to the United States. Total production is estimated by the Association to have been around 500 tons.

As a rule, however, the effort to produce byproducts from oranges has not been carried "as far as it should," for Brazil has an enormous production of oranges and, even when world markets are open to the fruit, there is still a large field for the byproducts.

The value of permits in Panama City, including new buildings and repairs, was $2,340,000 compared with $2,708,000 in 1941. In Colon, the value was $810,000 in 1942 and $826,000 in 1941.

Among the principal projects brought to completion were several cinema houses, business establishments, residences, and a modern hotel costing $500,000.

Canal Under Consturction in Spain

A 65-mile canal is under construction in Murcia Province, Spain, according to British press reports. This canal will irrigate the Cartagena and Lorca districts, and is being built by the Water Supply Board of the River Segura.

Construction Declines in Montevideo, Uruguay

Building permits in Montevideo, Uruguay, declined during December, totaling 421, with a declared value of 1,026,762 pesos, compared with 521 permits, valued at 1,482,130 pesos for November. During December 1941, permits totaled 632, valued at 2,435,386 pesos.

Electrical Machinery and Equipment

Transmission Line Under Construction, Canada

An electric transmission line is being constructed from Port Arthur, Ontario, to the Steep Rock iron mine, a distance of about 225 miles, the foreign press says. The total cost will be approximately 1,000,000 dollars.

Colombia Constructing Hydroelectric Plants

A 12,000-kilowatt hydroelectric plant is to be built in Colombia on the Paez River between Paicol and Carnicerias in the Department of Huila, the foreign press states. A large part of the expense reportedly will be borne by the Government. Negotiations also are under way for the construction of a hydroelectric plant at Florencia (Caqueta) at an approximate cost of 70,000 pesos.

Other hydroelectric activities recently reported in Colombia include the completion of a plant at Trumeque (Boyaca) and commencement of work on a station at Titiribi (Antioquia).

Eire's Electricity and Steam Production

The Shannon hydroelectric power station in Eire generated 240,335,700 units in the operating year 1941–42, thus supplying more than half the electricity requirements of the country.

Steam plants in Dublin and Cork produced 209,406,100 and 121,000 units, respectively. It was necessary to keep the output of steam stations at a minimum during the year because of a coal shortage.

Electric-Cable Factory Established in India

Production of standard types of electric cables soon will be undertaken by a new company in India, the British press reports. A factory has been established at Mehgaon, Jubbulpore District, and machinery for the main section of the plant has been obtained. The Indian Government is said to have assisted the company in arranging for necessary extensions of transportation and electric-power facilities.

Electricity Sales in Palestine

Electricity sales in Palestine amounted to 88,302,444 kilowatt-hours for the first 8 months of 1942, an increase of approximately 22 percent over the 72,231,260 kilowatt-hours consumed in the corresponding months of 1941.

The Palestine Electric Corporation, which furnishes about 90 percent of the industrial power distributed in the country, reported sales of 26,534,463 kilowatt-hours for the first 8 months of 1942, a substantial gain compared with 21,757,878 kilowatt-hours consumed during the corresponding period of 1941.

Electricity and Steam Production in Sweden

Production of electricity in Sweden reached the record total of 9,113,000,000 kilowatt-hours in 1941, a gain of 5.7 percent over 1940, the foreign press states. Hydroelectric production increased from 8,042,000,000 kilowatt-hours in 1940 to 8,704,000,000 in 1941, while the output of steam plants dropped from 582,000,000 kilowatt-hours to 409,000,000 as a result of fuel shortages. Consumption in 1941 was reported as 7,625,000,000 kilowatt-hours.

Switzerland's Electricity Production

Approximately 5,500,000,000 kilowatt-hours of electricity were generated in Switzerland in 1941, says the foreign press. Completion of the Reckingen power station has increased the total capacity of Swiss plants to approximately 8,300,000,000 kilowatt-hours annually, and a development-program under consideration would raise this to 9,500,000,000 annual kilowatt-hours.

Foodstuffs and Allied Products

Coffee and Cocoa

Cocoa-Bean Trade, Brazil

Cocoa-bean exports from the ports of Bahia and Ilheos, Brazil, during December 1942, totaled 162,321 bags of 60 kilograms each (1 kilogram=2.2046 pounds), compared with 280,887 bags in the same month of 1941.

The following table shows port of Bahia arrivals and exports of cocoa-beans in December and stocks on hand at the end of December for the years 1938 to 1942, inclusive, in bags of 60 kilograms.

Item	1938	1939	1940	1941	1942
Arrivals	274,910	148,455	211,348	288,259	199,021
Exports	213,019	129,486	192,156	280,887	162,321
Stocks	158,181	96,657	289,386	195,251	375,444

Brazil's 1942-43 Coffee Crop

Unofficial estimates of the 1942–43 crop of the principal coffee-producing regions of Brazil, totaling 13,960,000 sacks, are as follows: Sao Paulo, 7,800,000 sacks of 60 kilograms each; Minas Gerais, 3,000,000 sacks; Espirito Santo, 1,600,000 sacks; Rio de Janeiro, 600,000 sacks; Parana, 500,000 sacks; Bahia, 300,000 sacks; Penambuco, 100,000 sacks; and Goiás, 60,000 sacks.

Stocks of coffee on December 31, 1942, at the principal Brazilian ports amounted to 1,884,911 sacks.

The Departmento Nacional do Cafe reported that from 1931 to November 30, 1942, 76,763,052 sacks of coffee were destroyed. In November 1942, 106,316 sacks were destroyed.

Exports of coffee in the year ending September 30, 1943, are estimated by the Departmento Nacional do Cafe at approximately 12,800,000 sacks.

During December 1942, 386,357 sacks of coffee were exported, compared with 1,061,448 in December 1941.

British West African Cocoa Purchased by Britain

British West African cocoa is being purchased by the British Ministry of Food for use as an oilseed in addition to its normal use, say British trade advices.

Dominican Republics' Cocoa Stocks

Dominican Republic cocoa dealers during the latter part of 1942 were concerned about the large quantity still on hand from the summer crop, which was in danger of spoiling if stored for too long. This situation was partially alleviated late in November when 31,000 bags of 70 kilograms each were shipped. Early in January 1943, 48,637 bags were exported, which left only 2,000 bags of the old cocoa. As a result, practically all of the old cocoa has been disposed of, and the only stocks of any importance remaining in the country are from the present winter crop.

Present stocks of cocoa now on hand in the Dominican Republic are unofficially estimated at 60,000 bags ready for shipment. It is expected that an additional 40,000 bags will be harvested.

Prices paid to producers average between $4.50 and $5 per 50 kilograms, compared with the c. i. f. New York ceiling price of $8.55 per 100 pounds.

Coffee Crop in Honduras

Preseason estimates indicate that the present coffee-crop year will equal or exceed last season's near-record production of 45,000 bags.

Coffee exports during the quarter ended December 31, 1942, totaled 4,695 bags of 60 kilograms each, valued at $78,352, compared with 3,731 bags, valued at $41,744, during the corresponding period of 1941.

Mexico's Coffee Crop

Mexico's 1942–43 coffee crop is unofficially estimated to be between 400,000 and 500,000 bags of 60 kilograms each.

According to trade sources, there are no appreciable stocks of green coffee in Mexico. After the coffee has been processed it is shipped out as soon as railway cars are available.

Fish and Products

Fishing Operations in Canada

The herring catch in British Columbia this season to January 16, 1943, amounted to 60,169 green tons compared with a catch of 52,517 green tons by the same date in 1942. Production from this year's catch is shown as 188,504 imperial gallons (1 imperial gallon=1.2009 U. S. liquid gallons) of oil, 1,647 tons of offal meal, 1,770 tons of meal and a pack of 1,095,022 cases of 48 pounds each. Herring operations, as usual, were suspended from December 20 to January 8.

Prospects are excellent for abundant catches of salmon, 2 to 4 years hence, because of the large number of salmon that escaped to the spawning areas, reports the Chief Supervisor of Fisheries in Vancouver.

Echoes Faint and Far

What is probably the first instance of the use of echo-sounding as an aid to chemical research was recently reported in the British press.

Four scientists used this method in the United Kingdom to locate seaweed deposits on the Atlantic coasts. It is intended to utilize the weed in the production of chemicals.

"Ribbed and Edged With Steel"

Swedish surgeons are using wire made of corrosion-resistant alloy steel in place of silk and catgut, the foreign press states. The substitution is being made because of difficulties in obtaining adequate supplies of the latter materials.

Grain and Products

Flour Production Increases in Canada

Flour production in Canadian mills in December 1942 amounted to 2,062,835 barrels compared with 1,577,169 barrels in December 1941, according to the Dominion Bureau of Statistics. This was an all-time high December record, exceeding the same month in 1922 when production amounted to 2,005,904 barrels.

Flour production for the present crop year has shown a steady advance in the period August to December 1942, with 9,444,969 barrels manufactured compared with 8,337,952 barrels for the same period 1941. The yearly production for 1942 amounted to 20,760,396 barrels compared with 20,471,347 barrels in 1941.

Total flour stocks for December 1942 amounted to 867,109 barrels compared with 1,175,267 barrels for December 1941.

Millfeed production in December 1942 advanced over December 1941 as follows: Bran 28,628 (22,753) tons; shorts 26,068 (23,390) tons; and middlings 14,739 (12,209) tons.

Production of cereals and animal-feed products for December 1941 and December 1942, are shown in the following table:

Item	December 1941	December 1942
Cereals:	*Pounds*	*Pounds*
Oatmeal	250,377	405,966
Rolled oats	19,761,831	9,929,636
Corn flour and meal	1,372,296	2,278,288
Pot and pearl barley	254,408	983,195
Buckwheat flour	217,806	111,376
Animal-feed products:		
Ground oats	18,039,194	25,349,575
Cracked corn	6,346,512	6,899,212
Ground barley	13,398,003	23,938,159
Mixed grain	127,314,460	157,830,374

Chile's Wheat Production

Approximately 747,294 hectares (1 hectare = 2.471 acres) were sown to wheat in Chile in the 1942–43 season, compared with 730,005 hectares in 1941–42. A harvest of 8,056,487 metric quintals (1 metric quintal = 220.46 pounds) of grain is expected in 1942–43, according to the Chilean Ministry of Agriculture. This is an increase in yield over the 1941–42 harvest, when 7,842,765 metric quintals were produced.

It was necessary in 1942 for the Chilean Government, acting through the In-

stitute of Agricultural Economy, to import a total of 1,003,250 metric quintals of wheat to meet the deficit in domestic production. Present estimates indicate that the 1942–43 wheat crop also will be inadequate to meet Chile's full domestic requirements for the calendar year 1943.

Egypt's Corn Output

Corn (maize and millet) acreage in 1942 was estimated by the Egyptian Ministry of Agriculture at 2,913,533 feddans (1 feddan = 1.038 acres), compared with 1,956,713 feddans in 1941. Corn production in 1942 is estimated at 2,646,000 metric tons, compared with 2,301,000 in 1941.

This marked increase in acreage and production is the result of the Government's action in establishing a new system of canalization in the Nile basin's regions in Upper Egypt to allow the cultivation of millet on a larger scale.

The greater part of the production ordinarily is consumed by Egyptian farmers or used for livestock feed. It is estimated, however, that during the past year most of the corn was used in making flour to mix with wheat flour for the production of war bread.

Average prices were 165 piasters per ardeb of 140 kilograms in June 1942 and 240 piasters per ardeb in December 1942.

Egyptian Barley Production and Consumption

Egyptian barley acreage is estimated by the Egyptian Ministry of Agriculture at 321,490 feddans in 1942, compared with 255,776 feddans in 1941 and 267,904 in 1940. Production and consumption of barley is estimated to have been 2,306,000 ardebs of 120 kilograms for 1942, 1,754,000 ardebs in 1941, and 2,009,000 for 1940.

The barley was used almost entirely for the feeding of livestock. There were no exports.

The market price averaged 215 piasters per ardeb during 1942, against 125 piasters per ardeb in 1941. The increase is said to be due to Army purchases.

Will U. S. Emerge from War As a Leading Cheese Exporter?

Prior to the war American cheeses where little known outside the United States, but at present they are going abroad in staggering quantities. In 1939 our exports of all types of cheese amounted to less than 1,500,000 pounds; in 1943 some 274,000,000 pounds of chedder (American) cheese alone is expected to be delivered for shipment to the Allied Nations.

Since the Allied Nations girdle the globe, our cheese is receiving w o r l d-wide distribution. Will these people acquire a taste for American cheese, and will they demand it when peace is again restored?

Some o' God's Chillun Got "*Huaraches*"

The manufacture of Mexican huaraches, which have become popular for sports wear in this country, has grown into a sizable industry, and Mexico has become the largest foreign supplier of shoes to the United States.

Imports of Mexican huaraches have grown from almost nothing a few years ago to more than 750,000 pairs a year, with a wholesale value of $1,500,000 to $2,000,000.

Huaraches are still made largely by hand in small establishments. Individual manufacturers are usually so small that they pool their production with other factories for sale in this country. Originally, each village where huaraches were made had its own distinctive patterns, but, on suggestions of United States importers, huaraches designed for export have been standardized in size and style.

Soon after the depression, tourists who went to Mexico brought home huaraches for beach sandals. They were found well adapted to casual wear, and today there are importers who specialize in them.

In the reciprocal trade agreement between this country and Mexico which was announced in December 1942, the tariff on huaraches was reduced from 20 percent to 10 percent of value.

During the last year, there has been an increasing demand for better-quality huaraches, reflecting increased purchasing power in this country. Even with present demands, it is expected that supplies of leather in Mexico will be sufficient to provide for the huarache industry.

Palestine's Wheat and Barley Production

Wheat and barley are the principal grain crops of Palestine. In 1942, the wheat crop of 612,000 acres yielded 112,000 metric tons of grain, compared with 554,000 acres yielding 90,000 metric tons in 1941, according to the Palestine Department of Agriculture.

Wheat acreage in 1943 is expected to reach 615,000 acres, slightly more than in 1942, but, because of slight rainfall in the Beersheba district, the yield may fall below 80,000 tons.

Imports of wheat (grain) in the first 10 months of 1942 amounted to 83,000 tons, compared with 70,300 in the corresponding period of 1941. Imports of wheat (flour) in the period January to October 1942, more than doubled the 14,000-ton total in 1941, amounting to 35,500 tons.

In 1942, 531,000 acres were planted in barley, yielding 122,000 tons. In 1941, 506,000 acres yielded 68,000 tons. The 1943 acreage is expected to be approximately 532,000 acres, but the yield may be as low as 100,000 tons.

During the first 10 months of 1942, 6,000 tons of barley were imported, compared with only 421 tons in 1941.

Fruits

Costa Rica's Banana Shipments

Banana shipments from Costa Rica in 1942 amounted to 2,144,400 stems, compared with 5,167,111 exported in 1941.

Banana Exports from Honduras

Banana shipments from the La Ceiba and Puerto Cortes districts of Honduras in December 1942 amounted to 510,220 stems. The La Ceiba area accounted for 186,745 stems, or double the November 1942 exports of 93,632 stems. December exports from the Puerto Cortes district were more than twice as large as in November, a total of 323,475 stems compared with 135,505.

Palestine's Citrus-Fruit Crop

Palestine's 1942–43 citrus crop is expected to total 4,500,000 to 5,000,000 cases of fruit, 2,000,000 to 2,500,000 cases of which will be consumed locally. The Army will receive about 1,000,000 cases and 1,000,000 cases probably will be shipped to Syria and the Lebanon. Later in the season it is expected that Egypt will take some of the crop.

The government, in an effort to balance demand and supply, during the quarter ended December 31, 1942, announced that it would buy up to 25,000 tons of fruit, or 625,000 cases.

Spain's Raisin Crop

The total yield of the 1942 crop of Malaga muscatel raisins is reported to have been 350,000 boxes of 10 kilograms net weight, or 3,500 metric tons.

No important exports of muscatel raisins were effected in the past season and the Spanish market was faced with the problem of absorbing the entire crop. This was impossible as established retail prices placed the fruit beyond the reach of the general public.

Unsold portions of the crop in general warehouses are estimated at 180,000 to 200,000 boxes, or 1,800 to 2,000 tons.

It was announced by the "Junta Official de Defensa de la Pasa Moscatel de Malaga" (Official Committee for the Protection of Malaga Muscatel Raisins) that some 43,000 kilograms of raisins for industrial purposes (wine making) would

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be sold at auction at the minimum price of 50 pesetas per 10 kilograms net. It is understood that little interest was shown in the sale, and unless the Government appropriates funds to relieve the situation the trade will suffer heavy losses.

Meat and Products

Cattle in Canada

In 1942 Canada's cattle numbered 8,944,700, a sharp increase over the 8,511,400 figure for 1941. The western Provinces accounted for practically all of the increase.

The 1943 production goal calls for a 10-percent increase in cattle marketings (inspected slaughterings, plus live-beef-cattle exports): from 1,111,400 to 1,220,000 head.

Canadian slaughterings of cattle, inspected and uninspected, during each recent year has been close to 1,200,000 head. At approximately 485 pounds per carcass, beef production has averaged 575,000,000 pounds (slightly more than 50 pounds per capita). The slaughter of 1,100,000 to 1,200,000 calves, averaging around 112 pounds per carcass, has produced around 130,000,000 pounds of veal annually (about 11 pounds per capita).

After making minor adjustments for imports, exports, and stocks of meat, Canadian consumption from 1935 through 1941 was as follows:

Year	Beef		Veal		Mutton and lamb		Pork	
	Total	Per capita	Total	Per capita	Total	Per capita	Total	Per capita
	Million lb.	*Pounds*	*Million lb.*	*Pounds*	*Million lb.*	*Pounds*	*Million lb.*	*Pounds*
1935	572	52.3	122	11.1	68	6.2	503	46.0
1936	620	56.2	130	11.8	65	5.9	536	48.6
1937	609	54.7	146	13.1	65	5.9	552	49.7
1938	578	51.6	133	11.8	65	5.8	536	47.8
1939	554	49.0	136	12.1	65	5.8	588	52.0
1940	575	50.5	124	10.9	58	5.1	644	56.6
1941	614	53.5	123	10.7	63	5.5	692	60.2

The consumption of beef increased in 1941 and 1942 because of increased consumer demand and, more recently, because of the scarcity of pork, after meeting British requirements. Beef consumption by the armed forces is heavy. No decrease in demand or increase of the domestic pork supply is in prospect for many months.

Meat rationing in Canada probably could be avoided except that pork supplies in excess of requirements for export to Britain may be so scarce that total meat supplies will be inadequate to meet the expanded domestic demand.

Eire's Hog Production

On December 31, 1942, the number of hogs on feed in Eire was approximately 170,000, an increase of 30,000 over the number on feed on September 30, 1942.

Commercial slaughterings of hogs during the last quarter of 1942 totaled 93,293, and farm slaughterings were estimated at 51,000. Bacon supplies were sufficient to meet about 40 percent of the domestic market requirements.

On December 31, 1942, an estimated 20,000 bacon hogs were ready for sale, compared with 12,000 on September 30, 1942.

Warehouse stocks of bacon at the end of December amounted to 23,007 hundredweight (hundredweight equals 112 pounds) compared with 8,468 at the end of September 1942. 19,276 at the end of June 1942, and 90,000 at the end of March 1942.

There were no exports or imports of pork or pork products from Eire during October, November, and December, 1942.

The Government is endeavoring to persuade farmers to grow more feeding stuffs, especially hog feed. Future goals probably will be confined to an effort to produce sufficient bacon for the home market.

Uruguay's Beef Production

Cattle slaughterings in Uruguay in December 1942 amounted to 91,150 head, an increase of 26,267 over the preceding month when 62,883 head were slaughtered.

Uruguay has been experiencing the worst drought in 50 years. This condition will result in heavier entries on the cattle market, estimated at about 40,000 a week. The railways have been allotted an additional 500 tons of fuel oil in order to increase freight-car traffic from 800 to 1,500 cars per week, so that slaughterings may be increased.

The Moving Finger Writes

A giant globe, recently presented to Prime Minister Churchill, has had its surface treated with a special lacquer which permits the use of a grease pencil. Soap and water can be used to remove markings, and new fronts or boundaries can be put in.

The globe was a gift from the United States Army, the British press states.

Sugars and Products

Dominican Republic's Sugar Industry

Sugar, both raw and refined, is a major export product of the Dominican Republic. There are now 14 sugar centrals in operation, employing about 70,000 workers. Government estimates place the capital investment at approximately $70,000,000.

During the production year 1941–42, a total of 225,000 acres of cane were cut, with a record production of 530,000 short tons of sugar.

In addition to cane plantings, most centrals conduct a livestock and dairy industry, from which a good portion of their income is derived. Dominican sugar production is considerably less than that of Cuba and Puerto Rico. In the past, much of the Dominican sugar has gone to the United Kingdom and Canada. Curtailment of shipping to these areas has resulted not only in the necessity of securing new markets, but also has given rise to transportation and storage problems.

The outbreak of the war produced no immediate changes in the sugar industry of the Dominican Republic. In 1941, however, sugar sold for 82 cents a quintal, one of the lowest prices ever paid in the Dominican Republic, and consequent dislocations occurred in the industry. The 1942 crop was purchased at $2.65 per quintal, one of the highest prices ever received.

During 1942, the shipping problem interrupted the export of sugar. While only limited quantities of sugar were being shipped, storage space was utilized to the fullest extent to accommodate the carry-over.

As a result, 438,000 tons of sugar were on hand, an unprecedented burden upon storage facilities. Early in January 1943, there were still 300,000 tons in storage. Since then some quantities have been withdrawn, and all centrals have begun operations for harvesting the new crop.

There is much land available for additional sugar-planting in the Dominican Republic. One factor which has discouraged a rapid expansion of sugar-planting has been the lack of a steady market in the United States.

Iron and Steel

Iron-Ore Production in Czechoslovakia

Iron-ore production in Slovakia increased from 693,000 tons in 1938 to 978,000 in 1941, while the output of manganese ore grew from 50,000 tons to 82,000, says a foreign-trade journal.

Slovakia has only one blast furnace in operation. This furnace consumes about 13 percent of the total output of ores. Of the remainder, 36 percent goes to the Witkowitz works, 17 percent to Trzynietzm, and 34 percent to the Rimamurany works in Rumania.

Search for Iron-Ore Deposits in Eire

A search for iron ore in Arklow district of County Wicklow, Eire, is being conducted by the Government, through a private company. If deposits are found, the company will receive the right to exploit them, says the British press.

Spain's Rolled-Steel Production

Rolled-steel production in Spain in 1941 was 494,795 tons (considerably less than the 1940 output of 621,145 tons), says the European press. Estimates for 1942 are placed at 700,000 tons, though Spain's mills have a rated annual capacity of from 1,100,000 to 1,200,000 tons.

Simplification of specification for rolled products continues. It is reported that the Altos Hornos de Viscaya is con-

Exportable Wool Supply Increases in South America

Substantial supplies of wool are available or expected to be available in South America this year to make blankets, uniforms, and other equipment for the fighting forces of the United Nations.

The U. S. Board of Economic Warfare estimates that Argentina will have an exportable surplus of 60,000 to 70,000 tons of high-grade wool in 1943. Uruguay's surplus of high-grade wool, the Board estimates, may approximate 60,000 tons.

Movement of this wool to textile mills is determined in large part by shipping conditions. However, the United States, through the Defense Supplies Corporation, has purchased 30,000 bales of wool from Uruguay, representing the carry-over from the 1941–42 crop, and has in effect guaranteed a market for about 37,500 bales from the 1942–43 crop to help maintain Uruguayan economy. Wool is Urugauy's chief export.

Chile, the Board estimates, will have an exportable wool surplus of 14,000 tons in 1943 and Peru about 3,300 tons.

In addition, Peru is expected to have available more than 4,000 tons of alpaca wool, now in demand for manufacture into wool clothing for airplane crews.

sidering the reduction of specifications for hoop and strip steels from 1,573 to 128 and for wide flat steel from 2,884 to 364.

New Developments in Spain

Spain is to have a new ferrotungsten plant with an annual capacity of 100 tons, and a new electric steel furnace with a monthly capacity of 400 tons, says the European press.

Leather and Related Products

Leather and Products

Leather Supplies in the United Kingdom

Sole leather allocations in the United Kingdom for military use increased during the period September to December 1942, while the quality of bottom stock available for home civilian uses deteriorated. Leather Control tried without great success to induce footwear manufacturers to use larger quantities of low-grade material by making concessions under the sole-leather-rationing scheme.

Domestic demand for sole leather for civilian footwear exceeded supplies and footwear manufacturers had to use increasingly large quantities of offal for soling. Even contractors for the armed forces experienced some difficulty in acquiring sole leather in the qualities desired. Upper leather was somewhat more plentiful, but virtually no full chrome leather was available for civilian uses. Dressing leathers were in good demand because they were used in quantity by curriers as substitutes for East India kips.

Lining leathers were scarce during the summer, but their position improved during the last quarter of 1942. Basils and skivers were not available in quantities sufficient to meet all civilian demand, and Persians were particularly scarce in the glove industry. Practically all better-grade chamois was taken on Government contracts, but low-grade stock was plentiful.

Sheep and goat leathers were exported in reasonable quantities during the latter part of 1942, but sole leather had to be imported and upper-leather exports fell below the rate established earlier in the year.

Imports of East Indian tanned kip were fairly well sustained during the last 4 months of 1942, but were insufficient to meet all demands. United Kingdom purchases of Argentine "frigorifico" types were fairly heavy in November. Limited British purchases of Uruguayan hides were reported in December, and during this month a few wet salted Brazil hides were acquired.

Substantial purchases of West African and East African hides were made during the September-December period, but South Africa furnished only a few dry hides. Buying in India was limited to small quantities of buffs and light cowhides, while New Zealand and Australian hides of all kinds were absorbed by local tanners.

No statistics for domestic cattle slaughterings are available but they are known to be below the pre-war average. Supplies of domestic pelts were also below demand.

Hides and Skins

Argentina's Exports, 1942

Shipments of Argentine hides and skins during the first 11 months of 1942 decreased 7 percent in volume compared with the same period in 1941.

Dried cattle hides were in good demand both by exporters and local tanneries.

Production in Mexico

Production of cattle hides in Mexico for the months of October and November 1942 amounted to 135,128 and 165,104, respectively.

Calfskin production for each month was estimated at 3,000 skins.

Goat and kid skins produced during October and November 1942 totaled 95,000 and 94,000 skins, respectively, it was estimated.

Production of sheep and lamb skins for October was estimated at 44,466 skins and for November at 44,640.

Peru's Production

Peru's production of sheepskins in the first 11 months of 1942 totaled 1,250,000 pieces; goat and kid skins 570,000; and cattle hides 195,000, according to estimates.

Lumber and Products

Eire's Lumber Situation

Imported lumber stocks in Eire have been seriously depleted, and the building industry is entirely dependent on domestic unseasoned supplies. Because of transportation problems, even these supplies are becoming increasingly difficult to obtain.

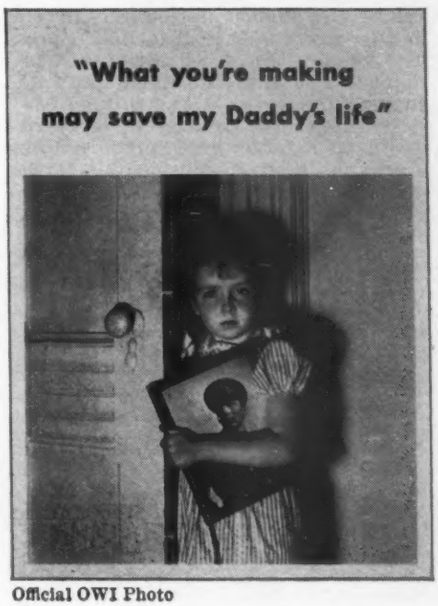
The amount of domestic wood available has been considerably reduced and probably will last only 18 months to 2 years, it is estimated. The Department of Defense is the largest customer at the present time.

Most of the sawmills in Eire were not designed for the conversion of home-grown timber and none are equipped to do this work on a large scale. Had any great output been possible, it is probable that available stocks would have been exhausted by this time.

Before the war 90 percent of all timber used in Eire was imported, but since the fall of 1940 imports have practically ceased.

Experimental Plant in Sweden to Produce Rubber Substitute From Wood

A method for producing a material from wood, to be used as a substitute for rubber in bicycle tires, shoe heels, and plastic products, has been developed in



Official OWI Photo

Rubber Development Corporation Established

Jesse Jones, Secretary of Commerce, announced on February 20 the establishment of Rubber Development Corporation, a subsidiary of the RFC, to take over the Government's program for development and procurement of natural rubber, principally in Latin America.

Mr. Jones made public a letter to Mr. W. M. Jeffers, Rubber Director, announcing the formation of the new corporation, its officials and purposes. The letter follows:

FEBRUARY 17, 1943.

DEAR MR. JEFFERS: Agreeable to your suggestion, Rubber Development Corporation, a subsidiary of the RFC, will take over and assume the problem of developing and acquiring natural rubber and related products from foreign sources, thus separating the crude rubber program from the synthetic, which will continue to be handled by Rubber Reserve Company.

Rubber Development Corporation will be under the management of Douglas H. Allen, President, with Messrs. J. W. Bicknell and Reed Chambers as Vice Presidents, and Mr. W. L. Clayton as Chairman of the Board.

As you probably know, Mr. Allen has had broad commercial operating experience in the tropics, and has already rendered very valuable service in arriving at a satisfactory understanding with the various countries involved, and laying the foundation for actual operations which are now beginning.

In addition to the officers mentioned, the Board of Directors include Mr. T. Ross Cissel, of the State Department, and Mr. H. Clay Johnson, RFC Counsel.

You may be assured of the faithful and energetic efforts of Rubber Development Corporation to get wild rubber as rapidly as possible. Any suggestions from you at any time will be appreciated.

Sincerely yours,

(Signed) JESSE H. JONES,
Secretary of Commerce.

Honorable W. M. JEFFERS,
Rubber Director,
War Production Board,
Washington, D. C.

Sweden, according to a Stockholm report.

The Swedish Cooperative Association has opened an experimental plant at Gislaved in central Sweden to manufacture the new material, which is known as "telax."

TIMBER INDUSTRY IN UNITED KINGDOM USING UREA

The timber trade is employing urea to a considerable extent to prevent the splitting of lumber during seasoning or drying, says the British technical press. The chemical is also being used for treating wood so that it can be bent and shaped.

Synthetic urea, which has been produced on a large scale for only a few years, has been of considerable service in making timber suitable for use in the structural parts of ships, for bridge-building, and other similar purposes.

Nonmetallic Minerals

CEYLON'S MICA TO BE USED BY UNITED NATIONS

All mica produced in Ceylon will be purchased by the British Government for the exclusive use of the United Nations.

The quality of Ceylon's mica is reported by the British press to be good, with some types equal to the world's best. The industry has not been developed and methods of trimming and grading must be improved.

CHINA-CLAY INDUSTRY DECLINES IN UNITED KINGDOM

Operations in the china-clay industry in the district of Plymouth have declined, as many clay pits closed and workers were diverted to other industries. Data from unofficial sources indicate, however, that the value of clay exports in 1942 was about 50 percent of the total export trade of the district.

Before the war the clay industry was the district's most important heavy industry.

Petroleum and Products

GASOLINE SITUATION IN URUGUAY

The fuel shortage in Uruguay continues to be a serious problem. Severe restrictions on the use of gasoline have caused an increasing number of car owners to turn to kerosene and alcohol as substitutes. Since kerosene is the principal cooking fuel of the lower-income groups, this unusual demand on supplies has disturbed the domestic household situation.

Horse-drawn vehicles have been resorted to, but the supply of horses does not meet the demand. Some automobile-body manufacturers have turned to the manufacturing of carriages and wagons. The bicycle trade is active, and prices are reportedly at about twice the usual level. Because of reduced passenger-transportation services, attendance at movies and other forms of entertainment has suffered more than the usual seasonal decline.

Early in December, previous gasoline-ration tickets were revoked and gasoline sales were limited to 100,000 liters (about 26,418 gallons) a day, or about one-half the average consumption in November. In January, new quotas for various petroleum fuels were announced and daily gasoline sales increased by 25 percent. Private cars not entitled to special consideration were allotted only 10 liters (less than 11 quarts) of gasoline for the month.

Radio

INDIA'S NEW RADIO TRANSMITTER

A new 10-kilowatt radio transmitter was put into operation in Peshawar, India, late in 1942, states the foreign press. This station, which is twice as powerful as those in Lahore, Lucknow, Dacca, and Trichinopoly, is expected to serve the entire North West Frontier Province.

Special Products

SEWING-MACHINE IMPORTS INTO MEXICO

More sewing machines were imported by Mexico in July 1942 than during either of the 2 preceding months, official published figures show. In July, 151 machines valued at 21,242 pesos were imported, compared with 100 (13,128 pesos) in June and 87 (10,734 pesos) in May. The total number for the first 7 months of the year was 6,154; their value, 1,102,366 pesos.

The Mexican report states that all but six of the sewing machines imported in May, June, and July were received from the United States.

Textiles and Related Products

Cotton and Products

COTTON CROP, SAO PAULO, BRAZIL

Sao Paulo's cotton, though late, is growing nicely (says a mid-January report). Unofficial estimates indicate that about 800,000 sacks of seed were planted, compared with 718 074 in 1941.

Approximately 280,000 tons of the previous harvest had been classified up to December 31, according to reports. The staple length is said to be from 1 to 1½ millimeters longer than the earlier crop, and the gin turn-out was higher than any previously recorded.

Eighteen grades will be used for the next crop, instead of 9 as at present.

COTTON INDUSTRY, MANCHESTER, ENGLAND

All branches of Manchester's cotton industry find an immediate demand for their entire production. This condition is expected to continue throughout the war period.

The planned production system of the Cotton Control seems to be running smoothly.

To enable mills to pay higher salaries, effective early in January, the controlled prices of cotton cloth will be raised.

URUGUAY'S COTTON-WEAVING INDUSTRY

Cotton-weaving mills in Uruguay operated only one shift per day during December.

The new spinning mill was very busy on past orders, but an accumulation of stocks may lead to curtailed production.

COTTON IMPORTATION AUTHORIZED BY VENEZUELAN GOVERNMENT

Threatened with a shortage of raw cotton because of an unusually small crop, the Venezuelan Government has authorized importation of 1,500 metric tons of cotton. The price was fixed at 95 bolivares per 46 kilograms, f. o. b. textile mills.

Wool and Products

ARGENTINE EXPORTS

Substantial sales of Argentine wool, concluded in January, tended to create a stronger market.

December exports totaled 12,915 bales, a good improvement over the preceding month's total of 7,959 bales, but were less than half the 28,703 bales shipped in December 1941. This brings the total for the first 3 months of the new wool year beginning October 1, 1942, up to 37,086 bales, compared with 60,238 bales for the same period in 1941.

CANADIAN PRODUCTION, 1942

About 12,867,000 pounds of shorn wool were produced in Canada in 1942, a 10.6-percent increase over 1941.

Miscellaneous Fibers

FLAX CULTIVATION ENCOURAGED IN EIRE

Flax cultivation was encouraged by price advances secured from the British Ministry of Supply, covering the 1941 and 1942 crops.

FIBER PRODUCTION IN HONDURAS

Fiber-producing plants have not been cultivated in Honduras to any appreciable extent, but a few experimental plantings of abaca have been undertaken.

Agave fibers are collected for domestic use.

The kapok tree grows wild, its fibers being used for stuffing pillows and mattresses.

Hats are woven from various types of palms found in the western section of the country.

Wearing Apparel

PRODUCTION IN SCOTLAND

Tweed and hosiery mills in Scotland continued busy throughout December, producing utility cloth and filling government contracts.

A late December news item reported that some manufacturers interested in reopening the export trade, were seeking permission from the Board of Trade to begin production early in 1943.

The jute trade was very slow, only small orders being placed.

Tobacco and Related Products

TOBACCO AREA INCREASED, GERMANY

The tobacco area in western Germany has been increased to a total of 3,201 hectares (1 hectar=2.471 acres, according to the Axis press. The cultivation of quality tobacco is still being strongly encouraged and special attention is to be given to development of Virginia-type tobacco.

SITUATION IN SWEDEN

Limited shipments of leaf tobacco were received by Sweden from the United States, Brazil, Bulgaria, and Turkey during the early part of 1942. With the exception of sporadic shipments from Bulgaria, however, practically no tobacco was imported into Sweden in the last few months of 1942. Domestic factories, therefore, have been forced to depend almost exclusively upon previously imported supplies. Demand for American leaf reportedly is keen.

Smaller quantities of Swiss cigarettes were being received in Sweden at the close of 1942 because of more stringent export restrictions applied in Switzerland. A few million Turkish and Bulgarian cigarettes were received in 1942; two or three million cigarettes were imported from Germany. A pack of 12 German cigarettes retails at 2.50 crowns.

Full-size regular cigarettes were again obtainable after January 1, 1943. Without altering the consumption plan under the present rationing system it seemed feasible to resume the manufacture of regular-sized cigarettes which had been temporarily discontinued in an effort to stretch limited supplies of available leaf tobacco.

The new cigarettes contain Oriental and American tobacco, some of which corresponds to the previous Virginia-type cigarettes. These are retailed at 0.14 and 0.17 crowns apiece. Most of the new brands are obtainable in packs of 10 and 20 cigarettes.

Because of the shortage of American tobacco for snuff manufacture, domestic Swedish leaf will be used in 1943.

CIGARETTE MANUFACTURERS POOL BRANDS IN UNITED KINGDOM

Britain's five largest cigarette manufacturers have agreed to pool their various brands, enabling each firm to manufacture any brand of the four other companies. The scheme envisages the marketing of all brands in each distribution zone, thus eliminating transportation from one zone to another, says the foreign press. In addition to a saving in road transportation, it is estimated that 46 percent, or some 12,000,000 ton-miles of rail transportation now required will be saved in a year.

Trade Mark Applications

Argentina.—The following applications for trade-mark registration were published in the Boletin Oficial of February 2, 1943. Opposition must be filed before March 8, 1943.

Trade-mark	*Class number and commodity*
Standard	No. 5—Entire class.
Aga	No. 14—Entire class.

Chile.—The following applications for trade-mark registration were published in the Diario Oficial of Santiago. Opposition must be filed within 30 days from the date of publication.

Trade-mark	Class number and product	Date of publication
Ceralina, Cera Reina	No. 20—Adhesives, paints, varnishes, pastes.	Feb. 2, 1943
Speedway, Toledo	No. 24—Hand tools, cutlery, sidearms, table service, sandpaper.	Do.
Speedway	No. 36—Machinery and vehicles.	Do.
Supertone	No. 37—Telegraph, telephones, radio, signals.	Do.
Continental	No. 42—Wooden and metal furniture, safes.	Do.
Pillan, Tebilized, Sedit, Baronesa, Shelan.	No. 47—Clothing	Do.
Flecha, Shelan	No. 48—Articles of lace, buttons, brooches.	Do.
Donald, Mickey	No. 51—Hats	Do.
Toledo, Shelan, Yudka.	No. 56—Toilet articles.	Do.
Bran's Lavender Soap	No. 57—Perfumed products and toiletries.	Do.
Neoglumal, Tofer, Heptasol, Hepacol, Acterol, Allostomin, Allostomine, Allostomina, Express, Calc-Tose, Sulfadent, Asafen, Salicol, Reumacol, Actisal, Partisal, Laboratorio Sanderson, Sedovar, Matormin, Ormigex, Thiomercan.	No. 75—Chemical and pharmaceutical products.	Do.

Uruguay.—The following applications for trade-mark registration were published in the Diario Oficial of Montevideo, on the dates noted. Opposition must be filed within 30 days from the date of publication.

Trade-mark	Product	Date of publication
Smoking	Tobacco, cigars, cigarettes.	Feb. 1 to 6, 1943
Bacanes	do	Do.
Lemaire	Perfumery and toilet articles.	Do.
La Navarre	Beverages	Do.
Clarion	do	Do.
Dina	Transport in general (gasogenes).	Do.

Mate—South American Beverage

(Continued from p. 5)

payment to growers, equal to a determined cost of production, and (3) the improvement in marketing facilities and methods.

Paraguay's Industry Lucrative

Mate-producing regions of Paraguay are scattered over most of the country lying east of the Paraguay River. The harvesting and preparation of and commerce in mate form one of the most lucrative industries in the country. Practically all of the mate is gathered from wild or natural "yerbales" (mate stands) which cover 1,474,600 acres of land while only 28,636 acres are devoted to cultivated trees.

Production estimates are based on permits for the elaboration (drying) of mate granted by the Government to each individual producer. A law enacted in 1912 known as the "law of the yerbales" gave the Government control over production and exploitation of mate.

Domestic consumption of mate is relatively stable and is estimated at between 11,000,000 and 13,000,000 pounds a year. A little more than one-quarter of the population, or approximately 250,000 persons, are believed to be regular consumers of the beverage, the average quantity taken daily being 60 grams.

There were seven mills grinding mate in 1942. The output of these mills is absorbed almost entirely by domestic consumption and the amount of ground mate entering into export trade is small in comparison with shipments of "yerba conchada" (dried only). Paraguayan mills are not large, there being only about 200 workmen employed in all seven establishments.

Paraguay has no organized market for yerba canchada. Each miller owns some yerbales and buys additional quantities, if necessary, from more or less regular sources. A leading miller states that cultivated yerba canchada is bought at 10.50 Paraguayan pesos per kilogram, and the stronger, natural (wild) type at a premium of 2 pesos above this figure. In large quantities the inferior grade of ground mate is sold at about 18.50 pesos per kilogram, and the better grade at about 20 pesos.

There is no government fixing of prices as such, though the ground product, ready for consumption, is included in a list of commodities, maximum wholesale and retail prices of which are now set by decree.

Paraguay has no commercial agreement with either Argentina or Brazil concerning trade in mate. Paraguayan exports would be negligible, except that a certain quantity of the stronger Paraguayan mate is required for mixing with Brazilian and Argentine mate to produce the blend demanded by the consumer in Argentina.

Exports of mate from Paraguay in the last 6 years were as follows:

Year	Crude mate	Processed mate
	1,000 pounds	*1,000 pounds*
1936	5,803	463
1937	8,964	172
1938	9,985	163
1939	15,137	805
1940	21,673	573
1941	17,725	269

World Consumption

Accurate and comparable figures on world consumption of mate are not available. In fact, mate is used hardly at all outside of South America, its use being confined largely to the three producing countries, Brazil, Argentina, and Paraguay, and their neighbors, Uruguay and Chile.

Uruguay imported an average of 49,000,000 pounds of mate annually in the 6-year period 1936–41, and imports of mate into Chile during the same period averaged 17,000,000 pounds annually.

Efforts made to promote consumption of mate in Europe and the United States have resulted in only moderate success so far.

United States imports of mate are small compared with tea and coffee imports. In 1940 (last year for which imports may be published), the United States imported 82,763 pounds of mate, compared with 98,963,000 pounds of tea and 2,055,065,000 pounds of coffee. But as the days pass and the war emergency tightens, with characteristic American adaptability we *may* turn to such a new food product as this, to *some extent* at least.

Small pack train in Brazil, laden with "mate cancheada," about to start on its journey.

From Caravan to Corner Drug Store

(Continued from p. 17)

village at the end of the day or waiting until he has enough to deliver to the market or sell to a middleman. If he is busy with other pursuits, he may even store his gum until he has more time or until prices improve. After the gum is brought to market and sold, it must be cleaned. Native women and girls lightly toss about the pieces of gum in flat baskets, blowing and picking out pieces of adhering wood, bark, or straw. After this process, the gum appears light amber in color, and crystalline, resembling pieces of hoarhound candy. The best quality is odorless and tasteless.

In Candies, Shoe-Shines, Art

Gum arabic has innumerable uses. First of all, as its name would imply, it is adhesive and mucilaginous. Perhaps its greatest application is in the confectionary trade, as it gives the much-desired smoothness and elasticity to candies and icings. In medicine, the best-quality gum is employed as a demulcent, emollient, and as an emulsifying agent. In the manufacture of troches, pills, and tablets, it provides consistency and body. The textile industry employs it to give luster to crepe, silk, and other materials, for stiffening cloth, and in printing cottons. Cigar and cigarette manufacturers employ large quantities to seal their products. Gum arabic goes into an amazing miscellany of manufactured items—from sirups, shoe polish, ink, linoleum and oil cloth, to liqueurs, water colors, paints, calcimines, and matches.

Practical Aid from Africa

French Africa's "movie setting" of turbaned Berbers, Arabs in flowing garments, and deliberate camels contrasting with mechanized transportation, now has a more practical appeal to the Western Hemisphere. Essential-oil and drug resources of this African area—scarcely realized or appreciated before—will assist in protecting us from serious shortages of materials which contribute to our medical and esthetic well-being.

Peace and War in the Netherlands West Indies

(Continued from p. 13)

islands of the northern group. And to a limited degree otherwise empty tankers returning to Curacao and Aruba for oil bring in foodstuffs and manufactured goods from aboard.

Long-Term Prospects

More uncertain is the long-term outlook. The war's end will bring a cessation of the demand for oil from those at present insatiable takers, the armed forces and the war industries. The return of peace, moreover, may open to the world once more the oil fields now under Axis control.

An optimistic view might hold that these factors will be fully offset by (1) the immediate increase in merchant shipping, stimulated by the needs of post-war reconstruction and facilitated by post-war trends toward freer trade; (2) the resumption of wheeled automotive traffic now curtailed by tire and gasoline rationing; (3) a sustained demand for aviation gasoline due to increase in air freight transport and the development of individual civilian aviation; and (4) the reconversion of factories from war to peace manufacturing to satisfy the bottled-up popular demand for consumption goods throughout the world, as well as to aid rehabilitation of war-ravaged areas.

For the northern group of islands the optimistic view might forecast a continuing and constantly expanding market for its food products in Curacao and Aruba, which would encourage a stepped-up cultivation of foodstuffs, especially if continued free freight transportation were furnished by the colonial government.

A more pessimistic view might be based upon the following possibilities: (1) That an extended time lag may occur between the cessation of the direct war demand for oil and the substitute demands listed in the optimistic view; (2) that the coming back into production of the now Axis-controlled oil fields may take place more quickly than the recovery of the world demand for oil, with a consequent world surplus of oil and a weakening in the world oil price; (3) that Curacao and Aruba possess all the brittleness that attends dependence upon only one economic activity; and (4) that this brittleness is enhanced by the fact that the raw material that feeds that activity, crude oil, is not indigenous but must be imported and is, therefore, subject to possible interruption or stoppage. This interruption or stoppage might come about from exhaustion of wells (a somewhat remote possibility) or as a result of nationalistic attitudes assumed by the nations on whose territory the wells are located.

Recent concessions for the exploitation of Venezuelan oil fields contain a proviso that the crude be refined in Venezuela. And the Three-Year-Plan adopted by the Venezuelan Congress in 1938 provided for both the erection of a national refining plant and the dredging of the bar separating Lake Maracaibo from the Caribbean Sea to permit passage of large vessels. As yet, effect has been given to neither of these projects, but time only will tell whether the delay means abandonment or merely postponement.

Effect of Curtailment or Stoppage

Now, if for any of the reasons envisaged in the pessimistic view, the Curacao and Aruba refineries shut down or curtailed operations, the effect upon the two islands' economy might well be acute. Laborers in great number have immigrated to Curacao and Aruba from other West Indian islands. The small local food production once carried on has now been almost completely abandoned. All inhabitants of Curacao and Aruba, rich and poor alike, now live within the realm of money economy. They can secure the necessities of life only by buying them with money. And they can obtain money only by working for the refineries. The effect upon the population of a shrinkage or stoppage of refinery wages could not fail to be severe. Poor soil, lack of rainfall, and human inertia would impede any back-to-the-land movement, preventing the achievement of food self-sufficiency through home-grown crops.

Curacao and Aruba, insofar as they have concentrated upon only one activity, oil, have lost the elasticity and powers of self-recovery that come from diversification.

Effect Upon Northern Group

The effect upon St. Eustatius, St. Martin, and Saba of oil-refining curtailment in Curacao and Aruba would be moderate. Export food production of the northern group can hardly reach more than a fraction of the consumption needs of Curacao and Aruba.

The area of level, arable land in the three northern islands is small. The habit among the natives of producing bulky agricultural export crops is gone. Thus, even a drastic drop in the southern group's food requirements would still leave its demand in excess of the northern islands' maximum capacity to supply it. The northern islands, moreover, are largely self-sufficient in food. And long years of depression have accustomed their inhabitants to frugality.

Latin American Exchange Rates

NOTE.—Averages are actual selling rates for sight drafts on New York, in units of foreign currency per dollar, with the following exception: Cuba—United States dollars to the peso. The peso of the Dominican Republic, the Guatemalan quetzal, and the Panamanian balboa are linked to the dollar at 1 to 1; the Haitian gourde is fixed at 5 gourdes to 1 dollar.

Country	Unit quoted	Type of exchange	Annual average rate		Average rate		Latest available quotation	
			1941	1942	Nov. 1942	Dec. 1942	Rate	Date
Argentina	Paper peso	Official A	3.73	3.73	3.73	3.73	3.73	Feb. 4
		Official B	4.23	4.23	4.23	4.23	4.23	Do.
		Bid	4.88		4.94		4.94	Do.
		Free market	4.24		4.23		4.24	Do.
Bolivia	Boliviano	Controlled	43.38	46.46	46.46	46.46	46.46	Feb. 8
		Curb	54.02	49.66	50.00	50.00	50.00	(1)
Brazil	Cruzeiro [2]	Official	16.50	16.50	16.50	16.50	16.50	Jan. 23
		Free market	19.72	19.64	19.63	19.63	19.63	Do.
		Special free market	20.68	20.52	20.50	20.50	20.50	Do.
		Curb	20.30					
Chile	Peso	Official	19.37	19.37	19.37	19.37	19.37	Jan. 22
		Export draft	25.00	25.00	25.00	25.00	25.00	Do.
		Curb market	31.78	31.75	33.87	33.72	34.50	Do.
		Free	31.15	31.13	31.10	31.10	31.10	Do.
		Gold exchange	31.15	31.13	31.10	31.10	31.10	Do.
		Mining dollar	31.35	31.13	31.10	31.10	31.10	Do.
		Agricultural dollar	[3] 31.15	31.13	31.10	31.10	31.10	Do.
Colombia	do	Controlled	1.75	1.75	1.75	1.75	1.75	Jan. 30
		Bank of Republic	1.76	1.76	1.76	1.76	1.76	Do.
		Stabilization Fund	(4)	(4)	(4)	(4)	(4)	Do.
		Curb	1.86	1.77	1.77	1.77	1.77	Do.
Costa Rica	Colon	Uncontrolled	5.85	5.71	5.64	5.65	5.61	Feb. 5
		Controlled	5.62	5.62	5.62	5.62	5.62	Do.
Cuba	Peso	Free	.98	1.00	1.00	1.00	1.00	Jan. 23
Ecuador	Sucre	Central Bank (Official)	15.00	14.39	14.10	14.10	14.10	Jan. 4
Honduras	Lempira	Official	2.04	2.04	2.04	2.04	2.04	Jan. 19
Mexico	Peso	Free	4.86	4.85	4.84	4.85	4.85	Jan. 30
Nicaragua	Cordoba	Official	5.00	5.00	5.00	5.00	5.00	Feb. 6
		Curb	5.93			5.05	5.05	Do.
Paraguay	Paper peso	Official		333.00	333.00	333.00	333.00	Jan. 30
Peru	Sol	Free	6.50	6.50	6.50	6.50	6.50	Feb. 6
Salvador	Colon	do	2.50	2.50	2.50	2.50	2.50	Do.
Uruguay	Peso	Controlled	1.90	1.90	1.90	1.90	1.90	Jan. 30
		Free	2.31	1.90	1.90	1.90	1.90	Do.
Venezuela	Bolivar	Controlled	3.26	3.35	3.35	3.35	3.35	Jan. 25
		Free	[5] 3.76	3.45	3.35	3.35	3.35	Do.

[1] End of January.
[2] Under law of Oct. 6, 1942, the cruzeiro became the unit of currency, replacing the milreis. Since Nov. 1, 1942, exchange quotations have been in terms of cruzeiros and centavos to the dollar.
[3] Established Mar. 25.
[4] For Class 2 merchandise, 1,795; Class 3, 1.87; Class 4, 1.95.
[5] July 24–Dec. 31.

NOTE.—Special rates apply to automotive equipment and agricultural machinery imported from the United States into Argentina.

U. S. Export Control and Related Announcements

Developments communicated to the Trade Controls Unit up to Tuesday, February 23, 1943:

No. 439—Current Export Bulletin No. 73.

The Office of Exports has issued Current Export Bulletin No. 73 covering the following items:

I. *Controlled Materials Plan.*

1. Exports of Controlled Materials in Basic Forms.

The following procedure will be applicable to Controlled Materials (i. e., steel, copper and aluminum) which will be exported in the basic forms and shapes set forth in the CMP Materials List and on which the exporter will accept delivery from the producer or warehouse subsequent to March 31, 1943. The complete Controlled Materials classification was reprinted in paragraph 6 of Current Export Bulletin No. 70. (See Announcement No. 435 in FOREIGN COMMERCE WEEKLY for February 6.)

a. An individual BEW export license application must be filed for each product.

b. No CMP application or PD–1A or other War Production Board release need be filed with the individual license application. Certificates of Necessity or other required forms of import recommendation must be submitted.

c. The commodity description on each such application must be stated in sufficient detail to permit accurate identification in terms of the Controlled Materials as specified in the CMP Materials List, as well as in terms of Schedule B. No CMP or other code number need be specified, except for the customary designation of the appropriate Schedule B number. In addition, applications for certain steel products must give the information specified by paragraph 18, page 102, Comprehensive Export Schedule Number 11. The commodity description also must specify the weight in *pounds* of aluminum, copper-base alloy, copper, or steel as the case may be. For example, for copper items show pounds of copper; for copper-base alloys show the total weight in pounds of brass or other alloys. The total gross weight must also be given.

d. On each approved individual license for a Controlled Material to be exported in its basic form, the Board of Economic Warfare will extend an allotment of the Controlled Material to the Licensee by means of a stamp on the license form. Allotments to holders of SP licenses for this purpose likewise will be made by a "short form" stamp, in a manner similar to that used heretofore in extending preference ratings under War Production Board General Exports Order No. M–148. Applicants who receive such allotments will obtain the materials from mills and warehouses pursuant to CMP Regulations promulgated by the War Production Board.

2. Holders of Outstanding Licenses.

A forthcoming Current Export Bulletin will state a procedure applicable to holders of outstanding licenses whose mill orders have not been scheduled for production during the first quarter of 1943.

3. Multiple Commodities Application.

Items 92, 93, 94, and 95 are deleted from the "Revised List of Related Commodity Groupings" published in Current Export Bulletin No. 69 of January 22, 1943. (Announcement No. 432 in FOREIGN COMMERCE WEEKLY for January 30.) Consideration will be given to grouping of Controlled Materials on a single export license application form after CMP becomes operative.

4. Class B Products.

All fabricated goods which are on the "Official Class B Product List" will be obtained for export on the same basis as in the past. Announcements of any changes affecting distribution of Class B Products will be made in subsequent Current Export Bulletins.

II. *24 Questions and Answers Concerning Its Effect Upon the Business of Exporters.*

As a Claimant Agency under the WPB Controlled Materials Plan, the Board of Economic Warfare presents these answers to questions asked most frequently and likely to be asked in the future in regard to the effect of CMP upon the business of exporters. It is contemplated that as new questions are presented by the individual inquiries of exporters or by changes in the CMP, additional questions and answers may be published. Announcements regarding CMP and its relation to exports, will appear in subsequent Current Export Bulletins.

* * * * *

1. Q. What is the Controlled Materials Plan?

A. The CMP is a plan designed to control the flow of critical materials in order to insure maximum production of war products and essential civilian products within the limits of available materials and facilities. It establishes quantitative controls for a direct balancing of the demand for products with the supply of materials and facilities available for their production. By adaptation of the assembly-line technique, it directs the available materials to the right place, at the right time, in the right quantities.

2. Q. How can I obtain more information regarding CMP and its effect upon my business?

A. Information and advice of general applicability may be obtained from the various War Production Board field offices and Industry Divisions. Inquiries relating specifically to export problems should be addressed to the Board of Economic Warfare and headed "CMP Inquiry."

Various publications on CMP in general have been prepared by the War Production Board and are obtainable from either the War Production Board or the Board of Economic Warfare. These include: "Controlled Materials Plan," dated November 2, 1942; "General Instructions on Bills of Materials," dated November 14, 1942; "Official CMP Class B Product List," dated December 21, 1942. In addition to these, the War Production Board also published CMP Regulations and CMP Bulletins. From time to time, the Board of Economic Warfare will prepare Current Export Bulletins specifically relating to export problems under CMP.

3. Q. What are Controlled Materials?

A. Controlled Materials at the present time are defined by the War Production Board as steel, copper, and aluminum in the basic forms and shapes specified in the CMP Materials List. The complete list was published in paragraph 6 of Current Export Bulletin No. 70.

4. Q. What is a Class A product?

A. Any product is a Class A product if it (1) contains steel, copper or aluminum; (2) is fabricated beyond the forms and shapes specified in the CMP materials list; and (3) is not on the "Official Class B Product List" dated December 21, 1942. Class A products include such items as guns, tanks, ships, locomotives, highway trucks. All allotments of Controlled Materials required in the production of any Class A product must be obtained from a Claimant Agency, except for materials needed in production of Class B products which are components of the Class A product.

5. Q. What is a Class B product?

A. Any product is a Class B product if it (1) contains steel, copper or aluminum, and (2) is included in the "Official Class B Product List," dated December 21, 1942, or any subsequent amendment of this list. Class B products include certain component parts (such as nuts and bolts, bearings, speed changes, power-transmission equipment, heat exchangers), as well as civilian-type end products which are widely distributed. All allotments of Controlled Materials required in the production of any Class B product must ordinarily be obtained by the manufacturer directly from his War Production Board Industry Division, not from a Claimant Agency.

6. Q. What is a "consumer" under CMP?

A. A "consumer" is any person who receives an allotment of Controlled Materials. A "prime consumer" is a person who receives such an allotment directly from a Claimant Agency or a War Production Board Industry Division. A "secondary consumer" is a person who receives his allotment from a prime consumer or another secondary consumer.

7. Q. Who is the prime consumer in the case of Controlled Materials exported, without further fabrication, in the basic forms and shapes set forth in the CMP Materials List?

A. The holder of the export license or the applicant for the license.

8. Q. I expect to apply for individual licenses to export Controlled Materials in these basic forms and shapes. What application forms must I file with the Board of Economic Warfare in such a case?

A. You need file only an individual export-license application but you must specify the materials in sufficient detail to be readily identifiable on the CMP Materials List. In such a case an allotment will be extended to you by means of a stamp on the export license. No PD–1A or other priorities application need be filed.

9. Q. Having obtained an export license and allotment in this manner, how do I get materials from my supplier?

A. You obtain materials by placing with your supplier a delivery order accompanied by an extension of the allotment which you have received by means of the stamp on your export license. Delivery orders on mills and warehouses will be placed pursuant to CMP Regulations promulgated by the War Production Board.

10. Q. Who are the prime consumer and the secondary consumer in a transaction involving the export of a Class A product?

A. The prime consumer is the holder of the export license or the applicant for the license. The secondary consumer is any person who is not the holder of the export license or the applicant for the license, but the one who supplies the Class A product to the license holder for purposes of export. This secondary consumer in turn may have other secondary consumers who supply him with either Class A component parts or Controlled Materials in the basic forms and shapes. Thus, as the holder of a license to export a Class A product, you are the prime consumer regardless of whether or not you actually manufacture or assemble the Class A product. If you are the manufacturer of a Class A product for purposes of export, you are a secondary consumer in all cases where you yourself do not hold the license or are not expecting to apply for the license. In all such cases you are a secondary consumer either where your Class A product is in the form in which it will be exported or where it will be assembled as a component part of another product, and you will obtain your allotment from the person whom you are supplying.

11. Q. As the exporter of a Class A product requiring deliveries of Controlled Materials

after April 1, what forms must I file with BEW?

A. If you hold an SP license, you must file only Form CMP–4A. In all other cases you must file both Form BEW–119 *and* Form CMP–4A. Form PD–1A is not necessary.

12. Q. How can I obtain Form CMP–4A?

A. Copies of Form CMP–4A may be obtained by requesting them from the Board of Economic Warfare. All copies of CMP–4A provided by the Board of Economic Warfare will be accompanied by "Special Instructions" regarding use of this form for exports. Form CMP–4A is also obtainable from War Production Board field offices. Forms obtained from sources other than the Board of Economic Warfare, however, will not have the "Board of Economic Warfare" heading, will not be accompanied by special export instructions, and should therefore be used only in case of emergency and only if you already have the "Special Instructions" applicable to filing with the Board of Economic Warfare.

13. Q. How can I export a Class A product manufactured prior to April 1, 1943?

A. To export a Class A product manufactured prior to April 1, 1943, you will follow the same procedure you have been following. No form CMP–4A is necessary, since CMP regulates the delivery of raw materials after April 1, 1943.

14. Q. Under what circumstances may the secondary consumer prepare Form CMP–4A for the prime consumer exporting a Class A product?

A. Where the prime consumer will pass along his entire allotment to only one secondary, one set of forms may be prepared for both the prime consumer and his secondary consumer. The deails of this procedure are explained in the "Special Instructions" supplied by the Board of Economic Warfare with Form CMP–4A.

15. Q. Are there any other methods of saving "paper work" in the filing of applications and the extending of allotments in reference to Class A products?

A. Yes. Short-cuts applicable to certain situations are described in detail in CMP Regulation No. 1.

16. Q. I am an exporter who buys only Class B products from manufacturers and sells them in export trade without further fabrication. Am I a prime or secondary consumer?

A. You are neither a prime nor a secondary consumer, since it is not necessary for you to obtain an allotment of the Controlled Materials which will be consumed in the manufacture of the products. As contrasted with a manufacturer of Class A products who obtains his allotments of Controlled Materials through the exporter from the Board of Economic Warfare, the manufacturer of Class B products obtains his Controlled Materials directly from the appropriate Industry Division of the War Production Board unless specifically instructed to the contrary.

17. Q. How does CMP affect my present methods of obtaining and exporting Class B products?

A. For the time being at least, you will obtain and export these products in the same manner as in the past. In the usual case, this requires the filing of an export license application and an application for priorities assistance as you are doing. Announcements of any changes in these methods, will appear in subsequent Current Export Bulletins.

18. Q. I am a manufacturer whose products are sold in export trade, but I do not myself engage in export trade, preferring to deal through export houses. From whom do I obtain Controlled Materials required for production of my products?

A. That depends upon your product. For all production requirements covering Class B products, you will obtain all of your allotments of Controlled Materials directly from your War Production Board Industry Division. For all production requirements covering Class A products to be exported, you will obtain your allotments from the persons who held or are applying for Board of Economic Warfare licenses authorizing exportation of Class A products.

19. Q. How do I get Controlled Materials or fabricated product for maintenance, repair and operating requirements of my factory if a substantial part of its output is exported?

A. Whether you produce for domestic or foreign distribution, your method of obtaining all materials or producers for maintenance, repair and operating requirements for use in your own plant will be determined by appropriate regulations of the War Production Board.

20. Q. Does the method of obtaining materials or products for foreign maintenance, repair and operating requirements differ from the method of obtaining such materials or products for foreign production requirements?

A. No. Regardless of the use to which the materials or products will be put in the country of destination, your method of obtaining them for export will depend upon the type of materials or product you export. Thus, Controlled Materials exported in the basic forms and shapes specified in the CMP Materials List will be obtained by the procedure indicated in the answer to Question 8. For exports of Class A products see the answers to Questions 11 and 13. If you export Class B products, see the answer to Question 17.

21. Q. Do I ever file Form CMP–4C with BEW for foreign construction requirements?

A. No. Your method of obtaining materials and products from the Board of Economic Warfare for foreign construction requirements will depend upon the type of materials or products you export. See procedure outlined above.

22. Q. What records must I keep under CMP?

A. If you are a consumer under CMP, you are obliged to maintain legible and accurate records of all allotments received, by allotment numbers, and of the subdivision of all allotments among your direct secondary consumers. (Notice that you are not a consumer as to Class B products which are exported but not manufactured by you.) WPB has prepared a "Consumer's Accounting Manual," suggesting simplified methods. Copies of this Manual may be obtained from WPB or by writing the Exporters' Service Division of the Board of Economic Warfare.

23. Q. Under what circumstances must I file a bill of materials or ask my supplier for a bill of materials?

A. You must file a bill of materials only if you are asked to do so. In the case of a Class A product manufactured for export, such a request will be made only by the Board of Economic Warfare or by your prime consumer if you are a secondary consumer. Every effort is being made to minimize the use of such bills by utilization of information already available.

24. Q. In connection with the calculation of requirements under CMP, must I as a consumer of Controlled Materials, provide the Board of Economic Warfare with information regarding my past and present export business?

A. No. As in the past, however, such information may be required for the evaluation of a particular export license application. The development of foreign requirements data at present does not require manufacturers or exporters to present export information. However, in particular cases the export license application form or Current Export Bulletins will specify particular items of information required for evaluation of applications.

No. 440—*Current Export Bulletin No. 74.*

The Office of Exports has issued Current Export Bulletin No. 74 covering the following items:

I. *Unlawful Submission of Applications for Freight Space (BEW 138).*

Exporters on occasion have filed applications for shipping space (Form BEW 138) although at the time such applications were filed the particular commodities were not ready for shipment nor could they be made ready for shipment to a port of exit within 3 weeks. These exporters have been cautioned against this practice and warned that a repetition would bring the institution of disciplinary proceedings looking to the suspension or revocation of export licensing privileges.

Exporters are reminded that the regulations make it unlawful to file an application for shipping space (Form BEW 138) unless the entire exportation is at, or is ready for shipment to, or will be ready for shipment to a port of exit of the United States within 3 weeks from the date the application for freight space is submitted.

II. *Certificates of Necessity with Applications for Renewal of Licenses.*

The Office of Exports requires submission of a Certificate of Necessity with applications to export certain listed commodities (see Current Export Bulletin No. 63, dated December 30, 1942).

Applications for the *renewal* of export licenses for these commodities need be accompanied by Certificates of Necessity in the following cases only: (a) Where the goods have not been manufactured when renewal is sought; (b) where the specific commodity, whether or not manufactured, has been added to the list subsequent to issuance of the original license.

III. *Information Regarding Specific Use to be Made of Commodity to be Exported.*

The "end use" of a proposed exportation is a most important consideration in determination by the Office of Exports of justification for the issuance of an export license or a shipping permit. For that reason, it is essential that applicants supply full and explicit information concerning such intended "end use." The license application form asks that a description of such "end use" be given. If the space provided for the answer is not sufficient, supplemental typewritten sheets should be attached to each copy of the application. In the case of exportations under general license where such "end use" information is not otherwise submitted to the Office of Exports, it must be supplied on the freight space application (BEW 138). The exporters should use the reverse side of the freight-space application for this purpose.

General statements to the effect that the commodity requested will be used for aiding the war effort, as in hospitals, shipyards, mines, etc., are not adequate. Applicants should identify the particular industry, mine, etc., where the commodity will be used or consumed, with as much information as possible regarding the type of work that will be done with the commodity and its ultimate place in the prosecution of the war or the internal economy of the country of destination.

Courtesy Office of War Information

IV. *Changes in General License—Leather Products.*

Commodity	Department of Commerce schedule B No.	General license group		Effective date of change
		Old	New	
Boots and shoes, infants and children	0648.00	K	None	(1)
Boots and shoes, men's, McKay sewed	0645.10	K	do	(1)
Boots and shoes, men's, stitchdown	0645.40	K	do	(1)
Boots and shoes, men's, welt	0645.30	K	do	(1)
Boots and shoes, men's, n. e. s	0645.90	K	do	(1)
Boots and shoes, women's and misses, McKay sewed	0647.10	K	do	(1)
Boots and shoes, women's and misses, stitchdown	0647.40	K	do	(1)
Boots and shoes, women's and misses, turn or turned	0647.20	K	do	(1)
Boots and shoes, women's and misses, with cemented soles (compo, argo, stuck-on, etc.).	0647.50	K	do	(1)
Boots and shoes, women's and misses, welt	0647.30	K	do	(1)
Boots and shoes, women's and misses, n. e. s	0647.90	K	do	(1)
Boots and shoes, youths' and boys'	0646.00	K	do	(1)
Boots, shoes, and other footwear, leather soled with uppers of material other than leather (include evening slippers, ballet slippers, house slippers of felt and artificial leather, beach sandals and other footwear with fabric uppers).	0656.10	K	do	(1)
Slippers (for housewear all leather)	0650.00	K	do	(1)

[1] The restrictions on the exportation of these commodities are closely allied to the domestic restrictions announced on Sunday, Feb. 7, 1943. These export restrictions became effective Feb. 9, 1943, except for shipments which were then on dock, on lighter, laden aboard the exporting carrier, or in transit to ports of exit pursuant to actual orders for export.

V. *BEW 138 Application Required For All Shipments Under SP Licenses.*

The present shipping conditions make it necessary to require that, effective immediately, freight-space applications (BEW 138) must be submitted to the Office of Exports for all materials to be exported against SP licenses, regardless of the weight of the shipment.

VI. *Change in General License—Fish, Petroleum Products, etc.*

Commodity	Department of Commerce schedule B number	General license group		Effective date of change
		Old	New	
Fish: Fish, fresh, other (include fillet of fish)	0071.00	K	None	Immediately.
Petroleum products and tetraethyl lead:				
C. Other crude oil (including topped crude, long residium) not conforming to the above definitions A and B [1]	5011.98	C+17	C	Do.
D. Natural gasoline 3 (conforming to G)[1]	5012.00	C+17	C	Do.
D. Natural gasoline 4 (conforming to H)	5012.00	C+17	C	Do.
H. Other motor fuels and gasoline not conforming to the above definitions E, F, and G.[1]	5017.98	C+17	C	Do.
Q. Other motor lubricating oil not conforming to above specifications for aviation lubricating oil, and not conforming to O or P.[1]	5040.98	C+17	C	Do.
R. Other lubricating oils not conforming to O or P above:				
Red and pale	5033.00	C+17	C	Do.
Black	5034.00	C+17	C	Do.
Bright stocks	5035.10	C+17	C	Do.
Steam refined cylinder stocks	5035.20	C+17	C	Do.
Insulating or transformer oils	5038.00	C+17	C	Do.
Raw or semirefined distillates or stocks from which lubricants may be produced.	5059.00	C+17	C	Do.
Light lubricating oil in small packages	5039.00	C+17	C	Do.
Lubricating oil, any other n. e. s	5040.98	C+17	C	Do.
S. Lubricating greases	5041.00	C+17	C	Do.
Y. Other petroleum products (except petroleum and petrolatum jelly—see Chemicals.)	5059.00	C+17	C	Do.
Z. Natural gas	5052.00	C+17	C	Do.

Shipments of the above commodities, which were on dock, on lighter, laden aboard the exporting carrier, or in transit to ports of exit pursuant to actual orders for export prior to the effective date of change may be exported under the previous general-license provisions.

[1] See "Petroleum Products and Tetraethyl Lead" in List of Commodities in Comprehensive Export Schedule, section I.

VII. *Licensing of Farm Equipment.*

Effective immediately, license applications for the exportation of farm equipment may be submitted by the manufacturers to the full extent of their permitted quotas. This is a change from the procedure obtaining formerly when applications for only 50 percent of the quotas were permitted.

VIII. *Priority Assistance When Exporting to Foreign Armies or Navies.*

Whenever an exporter files a BEW Form 119 for a license to export a commodity procured for the direct use of a foreign Army or Navy and priority assistance is necessary, the BEW 119 must be accompanied by WPB Form PD–3A in quintuplicate. If this WPB form is not filed the application will be returned.

Applicants filing a WPB Form PD–3A should carefully and specifically state the end use of the materials or products for which a preference rating is requested. General statements to the effect that the materials are required in the manufacture of munitions items will not suffice. An adequate description of end use would be "to be physically incorporated in tanks," provided the commodity is to be procured for the direct use of the military forces of the country of destination.

IX. *Continued Use of Form BEW 151 Approved by the Bureau of the Budget.*

In line with the procedure whereby the Division of Statistical Standards of the Bureau of the Budget reviews all forms in use by government agencies, approval has been obtained for the use throughout 1943 of Form BEW 151, "Application for Export License for Bunker Fuel or Deck and/or Cabin and/or Engine Stores, or Medicines and/or Surgical Supplies."

Permission has been received from the Bureau of the Budget to omit placing the Budget Bureau Number on the suuply of forms already printed and not yet used up.

Contributors' Column

Alice J. Mullen ("Mate—South American Beverage").—Born in Philadelphia, Pa. Attended public and private schools and Peirce School of Business in that city. Registrar in Neff College. Later associated with American International Shipbuilding Corporation in administrative work. Entered Government service in Bureau of Foreign and Domestic Commerce in March 1923. Assigned to various posts, Lumber Division, National Committee on Wood Utilization, and Forest Products Unit. In 1941 and 1942 with Export-Import Market Information Unit. For the past year, member Consumption Materials Reports Staff, Industrial Projects Unit.

Joseph C. Rovensky ("Reciprocal Accords Ease Wartime Stresses").—Assistant Coordinator of Inter-American Affairs. Degrees: University of Pittsburgh, Ph. G., 1909; Washington and Jefferson College, LL.D., 1939. Mr. Rovensky has had a long career in foreign trade and finance. He served the Government in the last war as Assistant National Bank Examiner in the Comptroller of the Currency's Division of the Treasury. Became associated with the Chase National Bank in 1922 and in 1928 was elected Vice President in Charge of the Foreign Department and a director of the Chase Bank. Reentered the Government service in August 1940 to join the Office of the Coordinator of Inter-American Affairs. He is a director of the National Foreign Trade Council and has spoken and written extensively on foreign banking and commercial topics.

Evelyn M. Schwarztrauber ("From Caravan to Corner Drug Store").—See "Contributors'-Column" in issue of December 12, 1942.

Harry N. Stark ("Peace and War in the Netherlands West Indies").—See "Contributors' Column" in issue of December 19, 1942.

New Zealand's Mineral Production

New Zealand's production of minerals in 1941 included 35 ounces of platinum, 17 tons of antimony, 53 tons of asbestos, 67 tons of scheelite, 109 tons of fuller's earth, 124 tons of diatomaceous earth, 136 tons of bentonite, and 752 tons of manganese ore. Among the larger tonnages were 1,272 tons of valuable nonbrickmaking clays, 1,544 tons of iron ore, 2,034 tons of silica sand, 2,672 tons of dolomite, 3,160 tons of pumice, and 7,861 tons of serpentine.

About 142,500 silver-fox and 333,000 mink pelts will be produced on Canadian fur farms in 1942–43, according to trade estimates.

New Books and Reports

★The following publications, added to the Department's research facilities through the courtesy of the authors and publishers, are listed as a service to businessmen. *Please note:* The Department has no copies of private publications for distribution and cannot be responsible for their content. For private publications, write direct to the publishing agency given in each case.

Articles of Current Interest Appearing in the Department of State Bulletin, February 13, 1943.

Copies of this publication, which is issued weekly by the Department of State, may be obtained from the Superintendent of Documents, Government Printing Office, Washington, D. C., for the price of 10 cents each; subscription price, $2.75 a year. The February 13 issue contains these articles:

ADDRESS BY THE PRESIDENT BEFORE THE WHITE HOUSE CORRESPONDENTS ASSOCIATION.

ADDRESS BY THE UNDER SECRETARY OF STATE AT THE OPENING CEREMONIES FOR UNITED NATIONS MONTH.

GERMAN ACTION WITH RESPECT TO AMERICANS FORMERLY STATIONED IN FRANCE.

ADDRESS BY THE FORMER AMERICAN AMBASSADOR TO JAPAN.

PROCLAIMED LIST: CUMULATIVE SUPPLEMENT 4 TO REVISION IV.

EXTRATERRITORIALITY TREATY WITH CHINA.

ADHERENCE BY PERU TO THE PRINCIPLES OF THE ATLANTIC CHARTER.

AGREEMENT WITH CUBA REGARDING MILITARY SERVICE BY NATIONALS OF EITHER COUNTRY RESIDING IN THE OTHER.

SIMPLIFICATION OF BORDER-CROSSING REGULATIONS ON THE CANADIAN BORDER.

DUTIES OF THE SPECIAL DIVISION OF THE DEPARTMENT OF STATE.

DEATH OF FRANK LYON POLK.

Other Publications

SIAM—LAND OF FREE MEN. H. G. Deignan. 1943. 18 pp. Illus. War Background Studies No. 8.

Available gratis from: The Smithsonian Institution, Washington, D. C.

EDITOR AND PUBLISHER—THE FOURTH ESTATE—1943 INTERNATIONAL YEAR BOOK NUMBER. The Editor & Publisher Co. 1943. Sections 1 and 2. Vol. 76, No. 5. Price, $4 a year. Contains directories of English-language daily newspapers of the United States, daily newspapers of Canada, principal newspapers of Great Britain, Latin America, Australia, New Zealand, Sweden, Switzerland, and Turkey, newspaper representatives, advertising agencies, foreign-language newspapers of the United States, principal Negro newspapers, and so on. Also includes data on rates and circulation, United States and Canadian newspapers operating radio stations, wage scales, major court decisions for 1942 affecting publications and advertising, books on journalism and advertising, and various related matters.

Available from: The Editor & Publisher Co., 1475 Broadway, New York, N. Y.

THE RUSSIANS. Albert Rhys Williams. 1943. 248 pp. Price, $2. Presents facts about Russia and the Soviet state, stories about life in Russia, and an analysis of Russian character and ideals. Outlines the background of the Russian land, the people, their institutions, what they have achieved in the past 25 years, and what they hope to achieve in the future. Explains why the Russians fight, what they are fighting for, and predicts what they will do when the fighting is over.

Available from: Harcourt, Brace & Co., 383 Madison Avenue, New York, N. Y.

SELECTED BIBLIOGRAPHY OF BOOKS, PAMPHLETS, AND PERIODICALS IN ENGLISH IN THE FIELD OF ECONOMICS, POLITICS, AND SOCIOLOGY OF LATIN AMERICA. Richard F. Behrendt. 1943. 30 pp. Price, 25 cents.

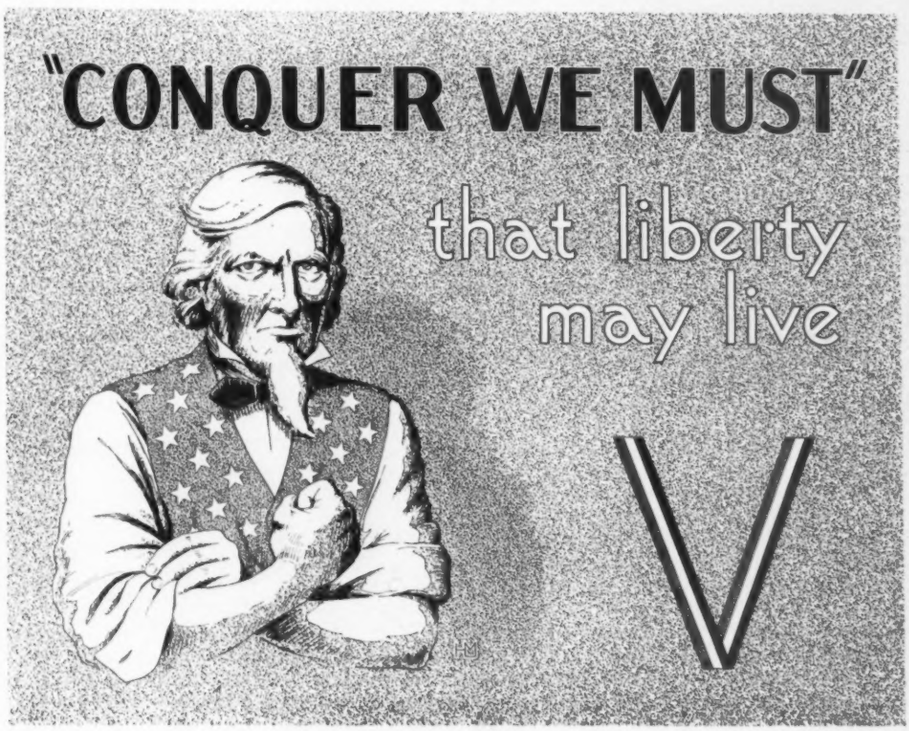
Available from: School of Inter-American Affairs, University of New Mexico, Albuquerque, N. M.

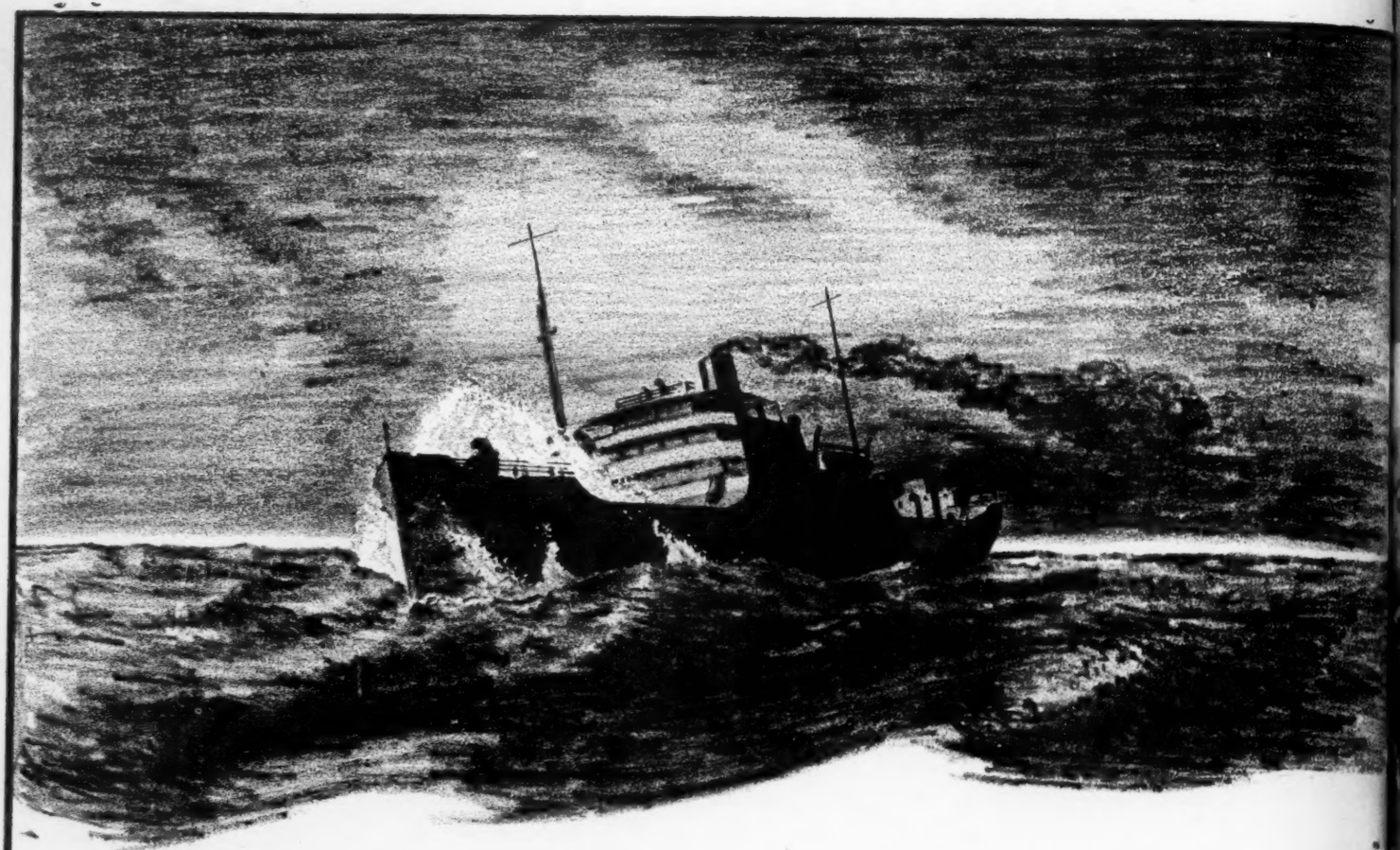
A DIPLOMATIC HISTORY OF THE UNITED STATES. Samuel Flagg Bemis. 1942. 934 pp. Rev. ed. Price, $5.35. Part I—Foundations, begins with the part that the Americas, particularly North America, played in international politics of Europe in the centuries preceding American independence and up to the time of the proclamation of the Monroe Doctrine. Part II—Expansion, includes chapters on Mexico and Texas (1823–1845), the Mexican War, the Near East, the Pacific and the Far East, the Civil War, the War with Spain, the islands of the Mid-Pacific (1875–1899), and other vital subjects. Part III—The Twentieth Century, considers developments of Far Eastern affairs following the acquisition of the Philippines, American policy in the Caribbean and the Isthmus and their borderlands, relations of the United States preceding and during World War I, finally the more recent diplomacy of the United States between the two world wars, ending with the present conflict.

Available from: Henry Holt & Co., 257 Fourth Avenue. New York. N. Y.

Auto Engines for Torpedo Boats?

The Government of Brazil is considering a proposal which comes from the personnel of the shipyards of the national merchant line Lloyd Brasileiro to build a fleet of fast torpedo boats, each to carry a crew of 12 men for coastal patrol duty. The shipyard workers have offered to contribute one hour's work free each day to this work. It is proposed that the torpedo boats should be powered with two high-power automobile motors each—motors to be taken from automobiles and trucks now laid up for lack of gasoline.





Commerce defies every wind •
outrides every tempest • invades every zone •

SHIPS FOR VICTORY

U. S. GOVERNMENT PRINTING OFFICE: 1943